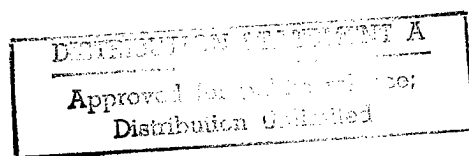




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DENMARK

Kristen Poulsgaard Advances to Folketing Officer Post

36130063d Copenhagen BERLINGSKE TIDENDE
in Danish 18 May 88 p 4

[Article by Carl Otto Brix: "Occupying the Most Distinguished Seat in the Nation"]

[Text] That Kristen Poulsgaard, the yelping terrier of the Progressive Party, would end up in the most distinguished place in the Folketing—the speakership—is something most people would have refused to believe. But that is what will happen.

Mogens Glistrup's loyal squire will advance to the post of 4th deputy speaker in the Folketing following the Progressive Party's election victory. The seats are assigned according to the size of the party.

Now Poulsgaard, 53 years old, will sit up there and keep an eye on his colleagues to make sure they follow the proper parliamentary procedure and refrain from using improper language.

Before Common Course entered the Folketing, Kristen Poulsgaard himself was the one who most often saw the speaker's raised index finger, for he had a hard time restraining himself when no one would or could understand the obvious correctness of what he was saying.

The four seamen are out, so he won't have them to contend with and his new title will also put a damper on him when he takes the floor himself. For it is impossible for him to keep quiet.

Kristen Poulsgaard has been a member of the Folketing since 1973 and he has held out through good times and bad for the controversial party. Along with Mogens Glistrup and now Pia Kjaersgaard, he is one of the most well-known members of the group. He has been tireless in his fight against the state, public employees and state subsidies for culture. He has even shown that culture can get along without putting both hands in the public till. He is a painter without receiving government funds and he has performed in a revue in a cowboy suit, singing without having a voice and using a lot of vulgar words. But the members of the audience were the only ones who had to pay for it.

He would like to present himself as the representative of the common man, the sailor and the farm worker, who breaks down the bureaucratic doors and cleans the place up with the harsh Danish wind at his back. And he does not lack popular appeal. His voter support shows that.

He will find it extremely difficult to acquire the personal dignity that is associated with the speaker's post.

06578

FEDERAL REPUBLIC OF GERMANY

Diepgen, Rehlinger To Intensify Inner-German Policy

36200112 Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 19 May 88 p 12

[Commentary by Ralf Georg Reuth: "Helpful Experience. Diepgen's Berlin Policy Between Consideration and 'Alternative' Demands"]

[Text] Berlin, 18 May—The choice of Inner-German Relations Ministry State Secretary Rehlinger (CDU) for the justice and federal affairs post in the Berlin Senate suggests that Mayor Diepgen (CDU) wants to intensify his Berlin and Germany policy, which he has coordinated with Bonn. It is hoped that with his long experience, Rehlinger, the acknowledged expert for "inner-German questions," will help to make it "possible to experience the unity of the nation despite the division of the state, [through] the cooperation of the two states in Germany, change through openness, a change in the reality that divides us through the interweaving of infrastructures, and through more chances for people to meet...."

The successes (they must not be underestimated) of his policy, outlined in these words, probably encourage Diepgen in this. It was just in mid-February that his East Berlin exchange of views with the chairman of the Council of State of the GDR produced as its most important result a regulation permitting West Berliners henceforth to spend the night in the other part of the city. Furthermore, agreement was reached on an exchange of land and contacts between the West Berlin districts of Zehlendorf and Spandau and the GDR communes of Koenigswusterhausen and Nauen. Although the increasing number of trips to the West by GDR residents is primarily a success of the Federal Government, the Berlin Senate was not uninvolved in achieving it.

Seen as a precondition for further progress in this direction is the economic and political stability of the GDR, i.e., of the SED's one-party rule. The higher political goal, to make it "possible to experience the unity of the nation," seems in West Berlin, in particular, to demand the most varied acts of restraint and concessions vis-a-vis GDR leaders. Thus, in order to prevent "provocations," as he puts it, at the forthcoming rock festival in front of the Reichstag, the senator responsible for culture, Hassemer (CDU), wants to install the loudspeakers in such a way that the expected East Berlin fans behind the nearby demarcation line will not be able to hear. Hassemer, who is accommodating GDR wishes in this, may thus spare the GDR embarrassing protests by youthful East Berliners against the Wall and those who built it; such demonstrations were held during a similar festival held over several days last year.

The assumption that stability in the GDR is a precondition for further German-German progress cannot but lead to the conclusion that dissidents in the GDR, through their revolt in the events at the Zion Church or at the Luxemburg-Liebkecht demonstration or elsewhere, have a destabilizing effect on the system and thus disturb detente. This is the dilemma of current Germany and Berlin policy. On the one hand, it is necessary to protest against human rights violations by GDR organs, but on the other hand there is the fear that such protests will worsen the German-German "climate" and endanger further progress. At the beginning of this year when the state security service and other GDR organs took harsh action against members of peace and environmentalist groups, it was with all due restraint that Diepgen demanded that GDR leaders "display more composure"; the important thing, after all, was not to endanger his forthcoming meeting with Honecker.

Another example of the consideration shown GDR leaders is the pretty general refusal to enter into ideological debate with the Communist social order; this refusal finds its symbolic expression in the term generally used to describe the Communist regime: the "other side." This is in obvious contrast to the continuing attacks by SED ideologists on the "capitalist order" with its "mass unemployment, Beru fsverbot [exclusion from civil service jobs], and chumminess with the aggressive circles of imperialism" in the United States; this is described as "peaceful competition between systems."

However, the restraint on the matter of human rights violations and the minimal ideological debate with Communism on the one hand, and the GDR's unrestrained propaganda on the other hand, do not fail to affect societal trends in the free section of the city. The most important effect is an increasing "equidistance" from both value systems. A comparison of two events a quarter of a century apart will make this clear. When U.S. President Kennedy visited the city in the early 1960's, hundreds of thousands of Berliners cheered him enthusiastically; when, however, President Reagan visited the part of the city on this side of the Wall for the 750th anniversary celebrations, West Berlin looked like a city "in a state of emergency," as GDR television noted with satisfaction. Among the thousands demonstrating against him were not just Alternative and Communist groups but also numerous organizations of Berlin Social Democrats. Those responsible for security in West Berlin are already worrying about another "capitalist institution," the World Bank meeting scheduled for this fall in West Berlin. The Alternative List wants to have Fidel Castro, the Cuban dictator, speak at a countermanifestation. No one seems likely to protest against his visit and the snub it presents to the Allies, especially the American protecting power.

Those who no longer see the slightest threat from the "other side" also have no need for protecting powers; the protecting powers are more troublesome to such people than the 400,000 Soviet soldiers in the area around

Berlin. This mood was articulated once again just a few days ago by the Alternative List when their latest strategy paper called for the "total elimination of the Western Allies' military presence." Many Berlin Social Democrats are receptive to such views.

Diepgen's CDU and their colorless FDP coalition partner are helpless against such changes in the societal climate in the Western part of the city. This showed up not only in the noticeably "more flexible exposition" of the status of Berlin but also in the FDP parliamentary faction's plans to travel to Budapest via East Berlin's Schoenefeld Central Airport (GDR)—at the very moment when the Allies are negotiating with the "other side" on air traffic routing over Berlin. The Senate's efforts to clear up the Allies' rights and the establishment of an Allied complaint office are part of this same phenomenon. Statements that this is "another contribution to the improvement of the German-Allied relationship" cannot hide the fact that it accommodates—though not in their entirety—old demands by the Alternative List and Social Democrats. Thus Chairman Schmitt of the "Socialist Unity Party of West Berlin" can argue "that the CDU has modified some of its positions under pressure from the popular mood or foreign policy necessity."

The gradual change in values among the population is hardly noted when people talk about how the Berlin Senate's Berlin and Germany policy has improved things for people—and the improvement must not be underestimated. In the rush of day-to-day politics there seems to be no time to hold the line, but these trends, which the CDU plays almost no role in shaping, could in the long run become the real factor determining policy.

12593

CDU, FDP Seek New Roles in Schleswig-Holstein

36200121 Munich SUEDEDEUTSCHE ZEITUNG in German 13 May 88 p 4

[Commentary by Staff Member Volker Skierka: "Difficulties With Learning the New Lesson. CDU and FDP in Kiel Still Hesitating To Take Necessary Steps for a Fresh Start"]

[Text] FDP Deputy Land Chairman Wolfgang Kubicki may not be entirely wrong when he says the SPD could rule for 12 years. The margin between the CDU and the SPD is 21.5 percentage points. Only by offering convincing alternatives in terms of issues and candidates can the Union catch up with such a lead any sooner than that. However, there is no sign of new political perspectives or talented newcomers in the Schleswig-Holstein CDU, so harshly punished by the voters.

Rather, the first meetings of the Land Executive and Land Committee demonstrated that the Land chairman and his party leaders have learned as little from the

election as they had from the Barschel Affair. To be sure, on election night Gerhard Stoltenberg had to acknowledge his responsibility for the catastrophic outcome but he persistently refuses to take the next step that political logic demands. It would not only be a gesture of political decency for Stoltenberg to resign. Such a step could also open the way for a real fresh start.

And yet just next door in Hamburg, First Mayor Klaus von Dohnanyi (SPD) showed Stoltenberg how a leading politician can resign with dignity. The Land FDP executive also showed how one should accept political responsibility: it resigned en masse, although Land Chairman Wolf Dieter Zumpfort more or less had to be compelled to do so by deputy Kubicki. Now that Stoltenberg has made it clear that he intends to cling to his post despite increasing criticism from his own ranks, it appears that there will be a long, painful internecine struggle within his CDU. And yet Stoltenberg believes, obviously wrongly, that clinging to the party chairmanship in Kiel stabilizes him in his position in Bonn.

A real renewal in the CDU will, therefore, have to come from the much shrunken parliamentary faction. And if the current leading candidate, Heiko Hoffmann, really wants to make a credible fresh start, he will have to compel Stoltenberg, now a burden, to resign by fall at the latest. Hoffmann's unanimous election to succeed former faction chairman, Klaus Kribben, demonstrates that the faction understands the signs of the time. It also speaks well for Kribben that he gave up his position without loud complaints. If opposition leader Hoffmann represents a new political style in Parliament, then the same is true on the party level of such men as the two deputy Land CDU chairmen, Prof Eberhard Dall Asta and former Agriculture Minister Guenter Flessner. The very investigatory committee proved that there are some credible figures in the Schleswig-Holstein CDU who are free of the burden of the villainies under Barschel. Still, it will take a long time for the Union between the seas, with such a history, to gain new self-assurance and win a convincing role as the opposition.

The FDP too will have to find a new role for itself. Only by cutting the umbilical cord to the CDU and remembering classic liberal positions—in legal and domestic policy for instance—will it have a chance, at least in 4 years, to escape its new extraparlimentary opposition role and re-enter the Landtag and possibly even, with a great deal of luck, enter the government—but then presumably in a Socialist-liberal coalition. The struggle shaping up between economic-liberal Zumpfort and social-liberal Kubicki for the chairmanship is thus at the same time a struggle over the direction to be taken. The FDP was voted out of the Landtag primarily because it had not developed an independent position vis-a-vis the CDU and SPD; it appeared to voters to be too much an appendage of the CDU. When the Union finally jumped the rails, the FDP was derailed along with it. In 4 years middle-class voters with conservative values, who went over to the SPD in droves this time, will be interested in

the FDP only if it can present itself as a convincing independent liberal corrective in a Social Democrat-led government. Current Chairman Zumpfort, however, is not capable of setting such a course.

Meanwhile, with their large majority Engholm and the SPD can of course take a relaxed approach to their work. On the other hand, however, they face difficult tasks which probably will lead to conflicts within the party. That is the other side of the "people's party" coin. The interests it will be necessary to accommodate in the next few years are too varied; they include the planned nuclear power plants closing; finding a solution to traffic problems; attracting business; and in the North's race to catch up in economic and employment terms, a business-siting policy that could conflict with environmental and developmental concerns. The party and voter groups will have to be persuaded. However, turnover in the ministries may be less of a problem than feared. Those civil servants who may secretly feel closer to the old governing party, the CDU, can assume that with its large majority the new government will probably not be a passing episode.

12593

Prospects for Coming FDP Election Assessed

36200129 Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 27 May 88 p 12

[Article by Claus Gennrich: "It Looks Like a Fight Is Coming Up for the FDP—Possible Consequences of the Leadership Change for the Party and for the Coalition"]

[Text] The FDP must deal with something unusual: For the first time, two candidates are vying to succeed the retiring party chairman. Twice before has someone stood up against a party chairman. In 1956, former Bundestag Vice President Max Becker tried in vain to unseat FDP Chairman Dehler, who had been in office since 1954, at a party congress in Wuerzburg; in November 1982, the deputy chief of the parliamentary faction, Ronneburger, stood up against Genscher at the Berlin "Weeping Congress" following the change of government in Bonn and lost. The current chairman of the parliamentary faction, Bangemann, had been nominated in 1985 by his predecessor Genscher and had no opponent. Yet now it looks like a fight is brewing.

Two important people in the FDP, Count Lambsdorff and Adam-Schwaetzer, will present themselves for election in October to the 400 delegates of the party congress in Wiesbaden. The leadership group of the FDP is now attempting to prevent this from becoming a struggle in two directions between economic liberals and those who favor social matters and constitutional policies. Old contradictions between "right" and "left" are not to be revived. This is why the FDP Presidium agreed that both candidates would represent the total topical range of the party. Nevertheless, the endeavor to tag people with

rough labels in the months prior to October might be overpowering. The state party chairmen have promised each other to prevent this as much as possible.

Lambsdorff is infuriated when he—the former federal economics minister and the current economics spokesman in the Bundestag faction—is constantly equated with his sphere of work and appropriately classified. At the time of the coalition with the SPD, he had opposed the contact prohibition law and later he had, as he says, been the first to speak out within the faction against exempting those who turn state's evidence in murder cases from punishment during the hearings on the state witness law and had also not concealed his doubts with respect to the substantive necessity for a disguise prohibition.

Adam-Schwaetzer had close ties with the pharmaceutical industry, at least in the past; in 1982, she was the only woman in the FDP faction to favor the coalition change and defended this position during stormy times as the secretary general of the party. Also, as a social politician she has never been a "leftist," but favored social support for the market economy. In this, she differs from Lambsdorff. But a deep-seated contradiction is not discernible. In 1980, Lambsdorff promoted the entry of his current opponent into the Bundestag and worked for her election as party secretary general at the Berlin party congress. Both are members of the Aachen FDP District Association. The North Rhine-Westphalia State Association and, now, the presidium, impeded the attempt by the candidate to indicate that she was better capable than Lambsdorff to represent the entire party. The FDP had learned to fear directional struggles.

Adam-Schwaetzer appears to be distancing herself from Genscher. She had given up her position as party secretary general in 1984 not as a result of substantive differences of opinion with the former party chairman, but because she felt patronized and hemmed in by Genscher. She drew this conclusion as a result of disappointment and out of self-respect. As minister of state in the Foreign Office she had gained importance rapidly; she is considered by the cabinet, in Brussels, and by the officials of her ministry as being substantively knowledgeable in European politics, of being decisive and independent. According to her, her relationship with Genscher is now untroubled; both of them have learned a few things; she herself says she is more mature and has perhaps become more tolerant.

According to reports, when Genscher noticed that Lambsdorff had the greater possibilities to succeed Bangemann, Genscher supposedly carefully urged Adam-Schwaetzer not to be a candidate, but to settle for another leadership position in a package deal so that the state association, of which the foreign minister is also a member, and the FDP would be spared an election battle. Should this rumor prove to be true, then the decision by the minister of state to be a candidate, nevertheless, undaunted by the representation of State

Chairman Moellemann as well as Genscher, would signify her emancipation from the party's godfather under whose spell she stood for a long time. In the event that she becomes party chairman she would surely give up her position at the Foreign Office because, then, any subordination would no longer be possible.

The federal government and the coalition must draw the conclusions from the change in the FDP leadership. Lambsdorff does not wish to be minister again; Secretary General Haussmann has announced his interest in Bangemann's current ministry. But a clash of two intentions could result again: if Adam-Schwaetzer becomes chairman and if she were to leave the Foreign Office because of it, she would need a regular cabinet ministry. At first she fended off the question as to whether she would become the minister of economics with the statement that she was a pharmacist. Genscher deprecated this as a premature declination. Now, Adam-Schwaetzer is leaving what will come open; as for naming a deadline, she says that by the end of the year there will be an economics minister. Perhaps Haussmann had said early on what he would like to do in order to forestall Adam-Schwaetzer. Lambsdorff would like to see his fellow candidate depart from Genscher's Foreign Office even before the October party congress because it would be difficult for the party to have a dependent candidate imposed upon it; nevertheless, she will remain as a minister of state so as not to be deprived of any kind of cabinet rank in the event she is defeated by the count.

Although the FDP intends to retain the present distribution of ministries as much as possible until the Bundestag elections of 1990, this does not seem to be completely certain; at least Moellemann has other plans. The attempt by Moellemann to prevent the Lambsdorff/Adam-Schwaetzer double candidacy and to only propose the count for election to FDP chairman at the federal party congress has failed. He now wishes to hold a sample poll of the North Rhine-Westphalian delegates in September and discuss the result with the other state associations; in so doing, he has "package solutions" in mind. However, he cannot deter Adam-Schwaetzer in this way from being a candidate.

The current education minister foresees the possibility with respect to the cabinet, in agreement with the federal chancellor, of not only exchanging individuals but to change jurisdictions as well. In contrast to Haussmann, Moellemann interprets the decision of the party leadership not as adhering to the existing distribution of ministries. Moreover, it had only been decided to talk about it once the time was right. The FDP is said to be proceeding in accordance with the principle according to which it would occupy the ministries itself. But which ministries are involved in the final analysis is said to be dependent on an agreement to be achieved with Kohl.

In this regard, Moellemann most likely assumes that Adam-Schwaetzer cannot become economics minister because too many North Rhine-Westphalian politicians

would be represented in the cabinet—a factor which would be bound to lead the other state associations to protest. Since the nonjurist could also not be considered for the Ministry of Justice, Moellemann clearly feels it to be conceivable that the FDP would leave the Engelhard ministry to the CSU and would trade another ministry for it—perhaps the Ministry of Interior into which Moellemann could switch and pass his Ministry of Education to Adam-Schwaetzer. However, if Lambsdorff becomes FDP chairman, Moellemann seems to consider it superfluous for yet another—a pale—federal economics minister of the FDP to hold office in addition to this economic policymaker in the coalition. Consequently, Moellemann feels that it is possible—something that most likely emerged at the late night Trollingen drinking session following the deliberations of the party leadership on Wednesday night—that CSU politician Waigel could become economics minister and that he himself would also become minister of the interior in this case. Since the FDP cannot occupy both the Ministry of Justice and the Ministry of the Interior, Engelhard would lose his post as a bartering object for his party. Yet, for the present, all accounts are being drawn up without the landlord—the federal chancellor.

Irrespective of Moellemann's reflections with their uncertain outcome, which he shakes about like the set pieces in a kaleidoscope in front of the eye, the Bavarian state chairman, Brunner, is considered within the FDP increasingly to be the possible successor to Engelhard, should the latter leave his ministry and should the ministry remain with the FDP. Within the FDP Presidium, Brunner has carved out a reputation as a constitutional politician and has provided many suggestions using hitherto unconventional thoughts; he has a trusting relationship with respect to Lambsdorff as well as Bangemann. A year ago, Bangemann wanted to put his name forward for minister of justice; at that time, however, Engelhard still had strong support within the "Schaumburg Circle"—a group within the Bundestag faction which was frequently a determining factor in personnel decisions and was centered around delegates Kleinert, Lambsdorff, and Moellemann.

All decisions will not come due until the end of the year. Then, however, the CDU and the FDP will want to orient their teams within the government and the parties totally toward the Bundestag elections of 1990.

05911

Politics, Science, Journalism Theme of Recent Conference

36200116 Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 14 May 88 p 10

[Article by Kurt Reumann: "Choking on Information"]

[Text] The tripartite relationship between politics, science and journalism is an exciting subject: to discover, to inform and to decide without communicating, or under

conditions of mutual responsibility? It was fortuitous that the Conference of West German University Presidents chose this theme for its annual meeting. No other location but Cologne would have provided as suitable a backdrop for a comprehensive discussion—Cologne University is just now celebrating the 600th anniversary of its founding. At no time did the universities exert greater political influence than during the 14th and 15th centuries, the founding era of the first German universities, when the universal powers, empire and papacy, had mutually weakened each other and the papacy was disintegrating in the Great Schism. The public increasingly regarded the universities as the third universal power which had the mission of reestablishing Christian unity at the reform councils of Pisa, Constance and Basel.

In those days the universities provided public information themselves—especially through the travels of its teachers and scholars throughout Europe and through debates. It was barely an exaggeration to regard the universities, together with their closely connected body of scientists, as "the" general public. Today's universities would prefer to have it that way also. But modern society's power pluralism requires a separate estate to create public opinion: the mass media.

Moellemann Promises Financial Support

The journalists attending the Cologne meeting stated unequivocally that they do not act as brokers between politics and science; rather, that their sole constituency is the general public. This is usually the case, but not always. Apart from the fact that many journalists seek to exert direct influence upon the politicians—the politicians' belief that the journalists influence the public is sufficient to secure for the journalists a certain amount of influence upon the politicians, if not upon the public. This explains why professors and students expect the journalists to act as advocates for the institutions of higher learning by writing about them appropriately and in greater volume. Only then would the universities receive from the politicians that which they want from them: not advice, not regulations, but money—lots of money.

While Federal Education Minister Moellemann courageously promised in Cologne that he would fight for DM1.2 billion for university expansion and equipment, the rectors and presidents are well aware that for the present the finance minister wants to turn loose no more than DM700 million. Also, the President of the Conference of Ministers of Education and Cultural Affairs, Hesse's Science Minister Gerhardt, gave assurances that the science ministers and senators agree that university positions and funds must not be cut until the number of students drops to the "normal load" of 850,000. (At present, the universities carry an "excess load" of 1.4 million students.) But the rectors and presidents have discovered that the finance ministers do not always act

in accordance with the wishes of the science and education ministers. Which is why the representatives of the institutions of higher learning would like the journalists to bend finance ministerial ears.

The university people, thus, expect the journalists to report on their desires. This may happen occasionally in editorials. But in the hard news business, the emphasis is on reporting events and decisions. But decisions about universities are seldom or never made at annual meetings of the West German Conference of University Presidents. With its 190 member institutions, the Conference is much too diversified to be able to arrive at decisions at such meetings. They are, therefore, entertainment events for the rectors and, if luck will have it, also for the Federal President, as was the case in Cologne.

This last May, even the meeting format contributed to emphasizing the meeting's entertainment value: one argument between a professor and Federal Chancellor Kohl, and another one between a professor and Minister President Rau. The rectors' and presidents' surprise at finding Kohl and Rau to be the clearly superior entertainers showed some touching naivete. They had considered it possible for Rau to best a professor—but Kohl? Don't they know that the media distort the picture of the politicians, without even trying to do so? Kohl apparently does not fit easily into the frame of the TV picture tube.

The politicians were not asked about their relationship with the media, however, but about that with science. Was it not true that knowledge is power, and are not the powerful even more so with the help of knowledge? Did not many universities get founded in the first place because emperors and princes wanted to have their experts on call? Even Emperor Charles IV founded the first German university in Prague in 1348 partly for the purpose of having pious experts protect him against the papal habit of weakening current emperors by excommunication.

Greater Modesty for Science

In his opening address, the Rector of Cologne University, Professor Hanau, pointed to the "great tradition of advising politicians." King Henry VIII of England, for instance, requested a testimonial which was to prove his marriage to the Infanta Catherine of Aragon to be null and void. The request was reinforced with the offer of a large sum of money. Unlike Oxford, Cambridge, as well as Paris and Bologna, the University of Cologne refused this certification. Thus, it sided with the Pope, whose authority Henry had sought to overturn with the help of university testimonials. The question is whether Cologne University based its action on propriety alone, or whether it might have given some thought to the franchises and prebends which the popes were granting to universities and their members. Biased experts are known to exist today also.

The greater the expectation that someday science would reach final, unshakable results, the more science will be recognized as pointing the way to universal truth and the guiding force of human life. In Cologne, Munich philosopher Spaemann recalled Descartes' hopes for scientific perfection: it would revamp the human life style in a scientific manner, to the greatest joy and fortune of one and all. During the 1960's and 1970's many educators and sociologists, as well as many natural scientists, implied that this millenium had arrived. Some one-sided findings were elevated to articles of faith by claims of absoluteness. This caused some damage to the image of science. By now, the scientists have become more modest: "We have long ago renounced the thought of scientific perfection," Spaemann declared in Cologne. The politicians on the other hand know that scientific expert advice cannot turn into action directives. Kohl and Rau, therefore, agreed on the main issue: the politician must make the final decision himself, and he must also bear the responsibility for the consequences of his decision.

But this does not make expert advice redundant. On the contrary: the greater the consequences of the application of scientific products, the more important scientific advice will become. In Cologne, there was applause for the proposal that politicians should listen to both pro and con advice. Suspicion was voiced that the journalists are stifling this process through disinformation. They defended themselves against this accusation: they may be guilty of making errors, as does everyone else, but there can be no question of disinformation, because disinformation is the purposeful providing of false information.

Unfortunately, things are not that simple. Professors, students, teachers, ministers, press secretaries, associations daily produce stacks of papers. Anyone who reads them, finds most of them of little interest. In the meantime, the institutions of higher learning are choking on the redundant information they produce—on disinformation.

With their excess of printed trivia and banalities, they prevent their major achievements from becoming public knowledge. In addition, the universities appear to have lost the courage of being first in confronting the public with exciting subjects; and journalists are only interested in fresh news. It is to be hoped that there will be an improvement in the public information policies of the institutions of higher learning when the number of students drops in the 1990's. But the schools will only be able to make these improvements if their resources are not unduly trimmed.

FINLAND

CP Chairman Aalto, Newspaper on Left's Continuing Problems

Aalto Discounts Democratic Alternative

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[Article by Juhani Aromaki]

[Text] 1958 was the heyday of the Finnish People's Democratic League (SKDL). Its support was 23.2 percent, and 450,000 votes brought it 50 parliamentary seats. In the parliamentary elections a year ago, the SKDL still ended up with 9.4 percent of the votes and 16 parliamentary representatives. The Democratic Alternative (DEVA), which broke away from the Finnish Communist Party (SKP), received 122,000 votes and 4 parliamentary representatives, but in January's presidential election it received only half of what it hauled in last year.

Is Finland going the way of Sweden? Is the Communist Party dwindling into a dwarf? How easy is it for the Social Democratic Party (SDP) and the Conservative Party to hold hands when the SKP quarrels and shrinks? Is the property settlement between the SKP and the SKDL just as General Secretary Reijo Kakela presented it? Did Movement'88, which backed Kalevi Kivisto, leave its mark on the political life of the Left?

SKP Chairman Arvo Aalto Replies

"DEVA, a group outside the SKP, can no longer return to the SKP, even though the group's leaders still aim at that. Its saga is finished, and 1.5 percent support in the presidential election shows that most people have rejected the group.

"There's no longer any controversy within the party, it's finally disappeared from the agenda. The TPSL still formally exists, of course, but it's just barely breathing.

"The group outside the party is no longer an obstacle to SKP and SKDL advancement. There's no longer any point in losing sleep over that bunch. DEVA doesn't have any political future. On the other hand, the SKP and the SKDL do—and especially now that the SKP is healthy again internally.

"The minority communists imagined at one time that with outside help they would win the SKP's internal dispute. They figured wrong. This is shown by the messages from the CPSU's 27th party congress. The CPSU clearly states its course: it no longer gets mixed up in the internal affairs of other parties.

"Will the Finnish Communist Party shrink the way the Swedish one did? Even though the Finnish communists weren't able to handle their affairs properly during the party's internal dispute, that doesn't change the SKP's historic traditions.

"Things are different in Sweden. There the Social Democrats are obviously bolder and more active than the Social Democrats here. The Swedish Social Democrats promote left-wing thinking, and they've been able to assimilate a large part of the leftist labor movement.

"The presidential election and several trade-union elections show that talk about the SKP's fading away is premature. A stiff price was paid for quarreling, however, when 20-percent support dropped to about 10.

"Movement'88 had a beneficial effect, like Georgian wine. It left its mark: the SKDL's door was widened and the roof raised. We have to bring together all the left-wing thinkers, all the people dissatisfied with the bourgeois way things are going.

"I haven't yet heard what Reijo Kakela said about dividing things up between the SKDL and the SKP. But there isn't any logic in that idea. We're all in bed together in the SKDL. There we have more power than we would individually."

Why Did Government Run Dry so Quickly?

"I didn't think that this government would run dry so quickly. The Conservative Party has blown its chance. When the government was formed, I thought the Conservative Party would grab the pot, establish its position as the country's biggest party, and at the same time put the squeeze on the Center Party.

"It hasn't happened that way, and the unusual squabble between employers and Conservative Party leaders has hardly had a minor effect on all this.

"The Conservative Party thought that now that the labor market has improved, the right-wing party would polish its image as one which understands wage earners. The Conservative Party became the Social Democrats' humble errand boy, and now it expects the Social Democrats to meet it halfway on tax reform.

"The SDP leaders, who are otherwise the country's masters of political maneuvering, tried their best to propagate the idea that new breakthroughs were made in labor market reform which would have been unthinkable with the Center Party.

"It was unfortunate for the Conservative Party that the employers felt they had been deceived, even though the issue was more emotional than factual. All the fundamental questions remained largely unchanged, except that in some cases the time allowed for giving notice of discontinuance of service was lengthened.

"The country is at a standstill. The government is incapable of making decisions because of competition between the SOP and the Conservative Party. If economic problems are added to the stagnation—and that's the way it looks—the country will quickly be driven into an outright crisis.

"The Conservative Party is under pressure because its support has stopped growing. The party is being pressured into adopting a more nonsocialist policy which the SDP can no longer afford. If the SDP does go along, it relinquishes its role as the biggest party. "The current government is unproductive, but it's kept alive for reasons of prestige. President Mauno Koivisto is a genuine Kekkonen, and he chose the Conservative-SDP alternative because it was available. A purely nonsocialist government would have split the nation in half, and Urho Kekkonen would never have wanted that.

"The President and those who formed the government must now say that things didn't work out. That sort of thing isn't admitted very readily in politics, even though it's as plain as day. It's ironic that at this moment Paavo Vayrynen works harder to keep the government alive than the government itself does.

"Dissolution of the government would be an enormous victory for Vayrynen—and nobody wants to give him that victory. I don't consider it impossible for this government to last for 4 years. But it would be unfortunate for the country and the people.

"The government should be able to end the paralysis. It would require tough decisions in social, educational, and economic policy. But the government busies itself mostly with business firms and the economy, and the problems of people stay unsolved.

"Shrinking support for the Communists and the People's Democrats has given the Social Democrats some room to maneuver. If no one is chasing them menacingly on the left, the Social Democrats can freely pursue right-wing politics."

Arvo Aalto says that the current situation is not easy for the SDP. SDP Chairman Pertti Paasio has continued predecessor Kalevi Sorsa's custom of talking with SKP leaders.

"The SDP is now playing a game which puts its own future on the line," interjects Arvo Aalto.

Chairman Pertti Paasio wrote in DEMARI at the beginning of the week: "The main business of Social Democrats has always been to oppose the moneymaking social powers and to come out for those who are less well-off. The struggle is still very relevant."

Maybe this was intended both as a reproach and as a cry for lost sheep. The SDP lost more than 100,000 votes in the presidential election—and is still licking its wounds.

Chairmanship Fight Reflects Divisions

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[Text] The struggle under way for chairmanship of the SKDL is has been unusual. It has not been customary for the incumbent SKDL chairman to be opposed by a group of rival candidates when he himself wants to continue. That is the way it has gone, however, for parliamentary representative Esko Helle, who has headed the SKDL for only one term. Generally, the SKDL chairmanship is rotated in a noncontroversial fashion, when the time is ripe. In the SKDL, it has not been necessary to wage a fierce struggle for the chairmanship, the way it has been in the SKP.

There are two reasons for the chairmanship fight. One of them involves Helle himself. He has not fulfilled the hopes people had for him. A compromise choice, Helle has been colorless and invisible. He has been criticized openly for this. One rival says that Helle has been SKDL chairman only in a technical sense. He has hardly had anything political to say at all.

Support for the SKDL is another reason the fight for the chairmanship was launched. The SKDL was the biggest party after the war, but has now dwindled into a third-class political force. Those dissatisfied want to reverse the trend and give the SKDL a boost by reshaping the movement which has been branded a communist front.

In particular, General Secretary Reijo Kakela and his backers believe that the SKDL saga as a broad organization for gathering left-wingers has not yet ended. He would like to remodel the SKDL and wash its facade. In practice, Kakela has proclaimed a policy that would lead to less power for the communists in the SKDL, which is a very sensitive issue and may swell into a decisive obstacle to his becoming chairman. Kakela consciously plays on the very rich and the abjectly poor.

A list of 21 candidates for the SKDL chairmanship has been drawn up, but in practice only scientist Hilkka Aalto, along with Helle and Kakela, has a real chance. Tossing out other names is just typical of the SKDL organizational debate: it has no real significance. Aalto has support among the Socialists. He is a former chairman of the Socialists. This is not exactly a trivial matter, because the SKDL observes the principle that the chairman is a Socialist, and the general secretary a Communist.

In practice, the Socialists who convened over the weekend play a decisive role in both the SKDL's modernization and in the chairmanship contest. If they stick to their mandate, Kakela loses his opportunity. On the other hand, abandoning the mandate would strengthen Kakela's position. But making decisions has always been a problem for the SKDL Socialists. It is once again likely that they will postpone the decision and leave the field for other forces to fight over.

The Communists' leading position in the SKDL does not rest on articles of law but on political realities. On the basis of collective membership, the SKP has only three seats on the SKDL's Central Council. According to unwritten laws, however, the Communists control the SKDL in practice. Nine of the council's members now carry the SKP card. There are just five Socialists. If they want, the Communists can dictate all SKDL decisions.

It is clear that the SKP will not surrender its position in the SKDL. This speaks in Helle's favor. But what will remain of party reform if the communists' actual authority is unaffected? Who will take the SKDL's reform seriously if the most fundamental item—the exercise of power—remains unchanged?

SKDL Doubts European Council

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5 May 88 p 13

[Text] The SKDL and the Finnish Communist Party want a parliamentary debate on membership in the Council of Europe before any decisions are made. The SKP Political Committee and the SKDL Executive Committee considered the membership question at their Wednesday meetings.

In principle, both parties are unsympathetic to membership. The Council of Europe is a cooperative organization based on Western values. Joining it would tie Finland even more closely to the community of European capitalist countries.

Not one positive feature of membership is mentioned in the SKP's standpoint, but the SKDL Executive Committee found some positive aspects to joining. Considered positive by the SKDL is the development of international teamwork in the fields of culture and education, environmental protection and social policy.

The Executive Committee believes that Finland's commitment to the human rights agreement could also improve debate, legislation, and legal practice within that area.

As a Council member, according to the SKDL, it would be possible for Finland to affect the development of cooperation between Western Europe and the socialist countries, as well as relations among European leftists and cooperative activity independent of the United States.

Both parties are especially concerned about recognizing the jurisdiction of Europe's human rights tribunal.

The SKP thinks that the supranational tribunal would restrict the Finnish Parliament's legislative power. The SKDL fears that in Finland the authority of judges would increase in relation to that of legislators.

In the opinion of the SKDL Executive Committee, membership is not entirely consistent with Finland's efforts to stay outside the blocs. The SKDL suspects that membership in the Council would involve Finland in situations where its foreign policy would come into conflict with the viewpoint of the organization's majority.

In the SKP's opinion, Finland has remained outside the Council of Europe for decades precisely because membership was not in keeping with Finland's position in international politics and with the neutrality policy it pursues.

At its Wednesday meeting, the SKDL Executive Committee also discussed preparations for the SKDL's upcoming league conference. The conference will be held May 20-22 in Turku. Budget analysis and document outlines were discussed. The executive committee took no stand on the choices for SKDL leaders.

Labor Communists Oppose Kakela

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[Text] Communists in the Finnish Labor Union Confederation are hurriedly seeking a rival candidate to enter the race for SKDL chairman. Labor union communists have announced that Reijo Kakela will not do as chairman. There is also dissatisfaction with current chairman Esko Helle. In Thursday's KANSAN UUTiset, president Jarl Sund—president of the food products union—urged Outi Ojala, head of the SKDL women's division, to become a candidate, but Ojala has so far declined the honor.

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Ilkka Kanerva, Minister of Government, Profiled

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[Article by Seija Sartti]

[Text] Ilkka Kanerva and Paavo Vayrynen do not have any other profession except politics. Vayrynen has risen faster and higher in his career. Kanerva became a minister only when Vayrynen had already fallen; he will become party chairman only [a few] years after Vayrynen—if he makes it. Kanerva is only about to start rising fast, Vayrynen has already done that. Cooperation between the bourgeois parties will get really interesting when force meets force.

Nothing is the way it was in Kekkonen's time. Then one could rest assured that politicians would only look out for their own interests, engage in horse-trading, intrigue, lie, bribe, and receive bribes. If anyone said that he was a politician, he was at once considered a scoundrel who just disguised his roguery as idealism, virtue, and the common good.

In the blue and red period [when the government was composed of the Conservatives and Social Democrats] everything was different. The Government's leading figure, Harri Holkeri, proclaims a new political culture according to which politics must not have its very own morality but simply morality. Crooked and dirty players have been dumped in the trash can of history, and honest, upright, and patriotic people have come to the fore.

How can an innocent citizen distinguish good from evil anymore, when sincerity has been made the most effective tool of politics. How should one relate to the fact that a typical politician like Kanerva looks you honestly and assuringly straight in the eye and admits everything.

Yes, yes, he is a gambler.

Yes, yes, he drinks liquor.

Yes, yes, he chases women.

Really. Those women! There are plenty [of them].

"Mr. Minister, do you consider yourself a) charming b) desirous of conquest c) handsome?"

From these alternatives Kanerva discards handsome first. On a ski trip in Lapland he happened to look at himself in the mirror with the result that he now puts an artificial sweetener in his coffee and does not touch the coffee cake at all. He estimates his present height at 190 centimeters.

Kanerva is unnecessarily alarmed. He has unusually little flab for a person in the party of steak eaters in the banquet rooms where cognac flows. He is a former active sportsman who ran the four hundred meter dash and hurdles and continues to engage in sports. At least when he has time. He intends to skip the rowing training at Sulkava, giving the excuse that he is too busy, but does not intend to lapse into such bad shape that the last words written about him will be: "I came here completely out of shape."

But women should be talked about here rather than sweaty straining.

Kanerva admits that that the correct answer to the question above is b: desirous of conquests. "I am macho enough to prefer to choose for myself. I cannot set myself up as a target for people to aim at."

As a target Kanerva has at least as excellent qualifications as Erkki Liikanen. Women in night clubs do not flutter around, propositioning Liikanen because he is a big-headed old boy from Savo, but because he is a minister. Public figures are regarded as being so public that they wind up having to shoo off the persistent women surrounding them.

These women do not realize that their efforts are in vain. A man whose face everyone knows can be on guard of course. A politician's talents are put to the test only in how he is able to say no to a woman without insulting or humiliating her.

Kanerva has become used to night life to the extent that "anything can happen." What happens probably does not lower Kanerva's reputation as quite a lady's man.

"Mr. Minister, is your reputation exaggerated or belittled in your opinion?"

"Each of us pays for what he has done. I have paid a big price."

It is no longer as easy to make jokes about a reputation as a ladies' man as it used to be. As he spoke he revealed a flash of the guilt felt by a go-getter: The liberties he had taken were a little too great.

Divorce was a serious matter for Ilkka Kanerva. His rising star was thereby temporarily halted so that he had to ponder where he was going.

"I had to step back and take a good look at myself to see what Kanerva looks like."

As a result of this introspection several things were revealed. One was Kanerva's relationship with women. Perhaps not everyone had to be conquered?

"It was one of the more painful discoveries. . . this is characteristic feature of primitive tribes, not of a mature person. . . such Don Juanism must be avoided with all means. . . no one forced me to do this. . . one has to take responsibility for this. . ."

The other thing was his attitude toward politics. Perhaps there is something else in life besides politics?

"One should be involved in things other than this work. . . otherwise one finds oneself in a life spiral in which there are only narrowing perspectives. . . some day that moment will come. . . I have thought about various alternatives."

Division Into Two, Mr Minister

Often it turns out that although the zebra takes a refreshing shower, the stripes do not wash away. The simile is rather faded, but the matter will probably become clear - especially when Kanerva himself speaks about his stripes, so why should we reword the minister's pronouncements?

Perhaps he has not completely gotten away from women and politics, but has been able to guard more carefully against the sweetness of power and its even sweeter fringe benefits. Perhaps he just plain learned to distinguish between male power and political power.

At least he is learning to separate the public and private Kanerva, he divides himself into two persons. As a politician he may and even should, in his opinion, be hard and push through his will. In human relations one must be able to behave in the opposite way, to be soft, live and let live.

Ilkka Kanerva is one of those privileged persons who can afford to stop for some introspection

The power he has desired has achieved. Now he must contemplate how to use it.

"If there is a turbo under the hood and a mad driver, the car will quickly run off the road. One has to practice moderation. One should not set oneself up as a monument - or as young people say: one must not pull an Elvis."

Victories have been won. Does he still compete with others or just with himself:

"I've got to get used to the fact that I am not the very best. I want to test my own limits, and some of the limits of my craziness are still untested."

He knows his profession. Is it worthwhile to boast about it:

"Political professionalism is strength when practicing politics and weakness in a human being."

In the manner of a typical child star he considers the one-sidedness of his life: "If during your whole life all values turn to politics, sooner or later you will find a spiritually handicapped person before you. I have not escaped this damage either."

In Kanerva's opinion no one can decide as a kid that he will become a politician when he grows up. Kanerva, too, was driven into his career by supporters: "Although the ideals would have been the same, one sells and another one does not."

Kanerva found acceptance already in the Teenagers League and then in student politics. He was elected to the leadership of the Conservative youth organization at the age of 23. There has been enough support to get him elected to the council and even to the electoral college. In the last parliamentary elections he received over 10,000 votes in Turku, the same amount as his party's chairman in Helsinki.

Is It Honest Work, Mr Minister?

"Mr. Minister, have you ever, well, worked?"

Ilkka Kanerva looks candidly into my eyes as he confesses: "No, I have never done honest work."

Right off the bat he cannot even think of any honest work that he could do. "In a pinch I could go to the State Radio as a sport commentator," Kanerva says and it makes him laugh.

... perhaps because Vayrynen, too, would be suitable as a State Radio commentator . . .

The two boys are from the same stock and the same generation: those for whom politics was a fulfillment. Their youth was spent in struggling and practicing tactics. Vayrynen has been a better fighter and a more effective tactician than Kanerva.

Vayrynen is a good year older than Kanerva, but right after school he began to increase the age differential. Vayrynen graduated as a political scientist sooner and entered Parliament earlier. When Kanerva became a member of Parliament in 1975 Vayrynen was already a minister. When Vayrynen had already made a brilliant career as Foreign Minister, Kanerva was just dreaming about the Foreign Ministry. Vayrynen became the chairman of the Center Party in 1980, Kanerva might become chairman of the Conservatives in 1991.

Both of them achieved their success on basically on the same foundation: One had to be a friend of the Soviets and in Kekkonen's good graces. Each of them could have chosen the same party in order to succeed: One of the country boys did take the shortcut to success, but the other one chose the narrow path of the opposition.

Did Kanerva choose the wrong party? At least he seems to have wound up at the wrong place at the wrong time when he went over to the Conservatives. The young man squabbled all the time with his own party and scolded the chairman at that time, Harri Holkeri. Kanerva soon revealed himself to be a versatile politician.

Kanerva succeeded in being a taistoite without being a communist and a follower of the Kekkonen line without being a Center Party man.

It Is Better To Fool Others, Mr. Minister

The present Kanerva is a Conservative man through and through. "The apple does not fall far from the tree," he states.

Still a good politician can always change his colors easily to something more fashionable or even change black to white. Is there any difference deep down between Ilkka Kanerva, Erkki Liikanen, and Paavo Vayrynen?

"Of course our pluses and minuses are in different directions, and Liikanen and Vayrynen as people are vastly different from me. There are similarities in our political methods, of course."

The boys learned early on that is better to fool someone else than to be fooled. One must know the tricks.

Ilkka Suominen praises Kanerva perhaps just for this reason: "Kanerva is a politician in the best sense of the word. He knows how to practice politics better than almost anyone else among the Conservatives."

Will Kanerva be able to compete directly for the Vayrynen prize? What does the council of judges say:

As opponents Vayrynen and Kanerva are hateful, ruthless, and calculating. Both know how to utilize the party machinery and party papers skillfully. Vayrynen has been more successful because he has been more megalomaniac, more ambitious and more industrious than Kanerva.

Kanerva is still in second place. It is said about him that he does not reflect politics as sharply as does Vayrynen; he does not seek only his own interest; he listens to the opinions of others; he is a realist and willing to compromise; and he is not treacherous or precipitous.

"Kanerva, too, has plenty of will, but he strives for a moderate solution rather than remain alone with his own ideas. He is not the type of person to march away from the negotiating table with a flushed face," states an opposition member of Parliament. A party comrade has said, however, that he had seen Kanerva's touchiness and irritability.

"You could run over Vayrynen with a train without even messing up his hair. Kanerva is not as sturdy, he is more vulnerable and becomes depressed more easily in the face of adversity, but he also has an insatiable interest in wielding power and the ability to stand against the wind," a Conservative politician notes.

If Kanerva had to characterize himself with just one adjective, what would it be?

"Decisive."

Statements, Mr. Minister

As far as Kanerva is concerned one can confidently say that he is a man of broad lines who does not waste time on petty details. This phrase, which sounds like praise, implies that he knows something about everything only superficially.

"I cannot complain about Ilkka's industriousness," laughed a Social Democrat who had worked together with Kanerva. "It began to annoy us when three different statements came from Kanerva daily. He has a great need to make statements about the issues, even if they do not penetrate the essence but rather transform the viewpoints of others into his own. We urged him to familiarize himself with the issues and make fewer statements."

A man from his own party defended Kanerva: "When he flits from one issue to another, it doubtless gives the impression that he only scratches the surface. It is true

that Ike is terribly industrious, but he belongs to the minority among politicians: he is not concerned with minor details but with bigger matters."

Kanerva is the foreign policy expert for the Conservatives, the one who maintains relations with the East. As a speaker he is like Brezhnev in front of the party congress: he builds sentences with 18 subordinate clauses in the Russian style, he is a master of word spinning and rhetorical flourishes.

"I cannot really get a fix on Kanerva, I cannot get hold of him. He uses this political phraseology, so that I cannot even say whether he is considered a skillful politician. Certainly that seems to be the consensus among the Conservatives," a non-Conservative minister said.

Kanerva is not a demagogue any more than Holkeri or Suominen. He charms on the individual level.

Kanerva receives praise even from a member of Parliament from the same election district: "As a person Ilkka is as fascinating as can be, sociable, able to perform in public, quick-witted, pleasant—he has a lot of what makes people like him. This is Ilkka's best side."

It is hard to imagine Vayrynen as a relaxed and jolly companion, while Kanerva, on the other hand, is rather the life of the party and an entertainer. While Vayrynen really holds fast to the image of a statesman that he has created, Kanerva is able to let himself go.

"Perhaps every politician has a role that he plays in public. No one goes into the political arena unprotected. However, as an individual I readily shed that protection," Kanerva said.

So he sheds it . . .

Conquests, Mr Minister

"Women are certainly his main hobby, which is really not such a bad hobby. It is not even likely to weaken his political support. Other politicians generally have to sin more modestly, said a fellow party member enviously. According to him it is even advantageous for the party's reputation that not all of the Conservative politicians are just tame family men.

Kanerva does not enjoy playing cards with the boys or being isolated in a summer cottage—there are no women there.

"He is such a passionate politician, however, that if he had to choose between women or politics, then obviously he would give up women," a friend supposed.

Perhaps soon?

People expect Kanerva to be a top political player in a couple of years: Up to now he has not had the kind of duties that would have enabled him to display his capability and to exercise power—now he can and now he has the opportunity to grow.

During the revision of labor legislation Kanerva was already being pressured and pulled in all directions. High level executives and representatives of big business attacked in concert, as did entrepreneurs from his own party. An astute Social Democrat commended Kanerva for standing up to this.

"There is little experience with regard to Kanerva as a unit leader. He has always been close to the leadership but not in the leadership. His political endurance has not been seen. No one becomes a full-fledged politician unless he goes through the flames of purgatory, unless he has experienced political defeats," Ilkka Suominen notes.

Kanerva has already been tested somewhat: Kekkonen's disciple lost his mentor, and the Conservative bosses once pushed him aside from party positions a Conservative was not considered suitable for high office.

Rogues to the Slammer, Mr. Minister

The Conservative's long period of opposition stunned Kanerva to such an extent that he did not harbor any illusions. This made it all the sweeter to be a minister on his 40th birthday.

There are two theories about Kanerva's path to the Government. The first one is that a ministerial position really belonged to Kanerva. The other is that they did not dare leave Kanerva on the outside.

The latter is the classical rogue theory according to which it is better to keep rogues as close as possible. There they can be best watched, so that they do not intrigue with the enemies—in this case the Center Party.

At least Kanerva has been seated in the Council of State Palace directly below Holkeri and under the prime minister. Holkeri sends down all miscellaneous matters to Minister of Government Kanerva—for him they use the abbreviation "Kanisteri". The minister of government does what Holkeri wants him to or what Holkeri does not have time for, does not feel like doing or does not want to do.

"The minister of government is the tsar's courier," Kanerva characterizes his work.

In fact Kanerva has an interesting double agent role: in the Government he is Holkeri's man and in the party Suominen's man.

Everyone knows that Kanerva is Suominen's favorite as the next party chairman, but no one will admit knowing this.

Suominen has about a thousand reasons—very fine, sensible reasons—why he does not intend to reveal his favorite under any circumstances. He does not want to make the work of the party chairman more difficult, he does not want cliques, he does not want to make the situation of the possible successor more difficult, he certainly does not want to dictate policy in any. He wants to trust organizational democracy. In his opinion the Conservatives are mature and independent enough to be able to choose their chairmen themselves.

In addition there is a good supply of candidates—fine, even excellent candidates. Of course, Sirpa Pietikinen is much too young, Jarmo Virmavirta is too disloyal, Jouni J. Srkijarvi is too timid, Pertti Salolainen is very suitable - but for different duties. . .

So Suominen does not intend to talk publicly about his favorite?

"Of course I intend to."

Suominen just wants to say later what everyone already knows now.

Suominen's appointment to be the head of Alko [Alcoholic Beverages Control Board]; why did it have to be done so far ahead of time? Well, the general manager, Heikki Koski wanted to fill a position that had been vacated. Yes, the appointment to Alko generated around Kanerva a clamor during which he was made Conservative chairman. Despite the fact that Suominen said some time ago that he intends to remain a minister and chairman as long as the Government lasts or probably until the 1991 elections.

Thus he has said that "as things look now" he intended to remain. There is no guarantee that he will remain. Suominen might leave at the party congress in 1989, but what party chairman would want to endure the jockeying for succeed him for a year and a half? There are plenty of aspirants for the Conservative leadership. Kanerva has enough supporters, but the real question is: Does he have too many opponents?

"Kanerva may have fierce political opponents even in his own party, but, so far as I know, he does not have personal enemies. This indicates that he is able to manage human relations," Ilkka Suominen said.

Disgraces, Mr. Minister

Well if Suominen does not yet have an official opinion about the next Conservative chairman, Kanerva does not have one either. He "is chewing on" the idea. He thus does not strive, volunteer, or press. He is perhaps driving hard, but is doing so behind the scenes. . .

Let us now consider, however, the question in an official capacity: If an important party member had to give a speech in which he had to justify why he in particular would be a suitable party chairman, what would he say?

Kanerva stiffens and pulls himself to his full height as though he were giving a dignified speech—and bursts out laughing. This is precisely what distinguishes him from Vayrynen and many other politicians - he can laugh at himself and his objectives. And at past disgraces.

He holds his hand so close to his face that it covers his entire field of vision. It was just this closely that in the past he would sometimes look at matters without seeing anything else. He remembers, for example, how earnestly and ardently he was fighting for general and equal voting rights in the universities. Now the fact that he failed so sadly makes him laugh and even rejoice.

"It is true, however, that it is still easier to find me on the reform side of the fence than in the known comfort of the stall," Kanerva noted.

Kanerva's radicalism has mellowed, but the liberalism remains," an old acquaintance states.

The liberal Kanerva, to say nothing of the former radical, is hard for the Coalition rank and file to digest. Do the old-time Conservatives and far rightists want someone like this as a leader, that is, someone who more or less flitted on the barricades making a revolution and who almost led the vanguards of Finlandization when others were only climbing out of the bunkers. In addition, would Kanerva not prefer to shake off the last rightist remnants from the Conservative party?

Kanerva's Conservatives would be a more clearly centrist party than before. Let the old-time conservatives and far rightists form their own party—even though there already is a Center Party: "It is a real conservative bunker. Its way of conducting politics is as much like the 1950s as it could be."

"My great ideal is that Finland should have a modern, bourgeois party in the same way the Social Democratic Party is for the left. In such a party the good sides of the Coalition and the Center Party would be combined, and the extremes of both could arrange their affairs some other way."

Although there have been complaints in the party that Ilkka Kanerva is a rightist social democrat, is he really the conservative bourgeois who could hold the Conservatives together?

Kanerva accepts emphatically the appellation bourgeois but not that of conservatism: "It has been very exciting to see Suominen retaining his lack of prejudice as a chairman. Many times I have had to tell myself, just a minute: actually Suominen is more modern in this matter than Kanerva."

Kanerva has thus managed to be more like Suominen than Suominen himself: Kanerva has proclaimed cooperation with the Centrists always and eternally. He appears to have adapted well to the Social Democratic Government, however, and the relations with the Center Party have cooled off in proportion to the fierceness of Centrist attacks on the Government and Kanerva.

Dangerous Relations, Mr Minister

Kanerva is a member of the crowd that pushed Ahti Karjalainen for president. He looks sincerely and directly in one's eyes as he claims that Karjalainen's drinking problem became obvious to him considerably later. Now he just pities Karjalainen's tragic fate—relations with old comrades are on the level of exchanging Christmas cards.

When Kanerva is asked to give his opinion of Vayrynen he thinks for a long time.

"Well, actually, it has been a big shock to me how much a change in political position affects the direction of opinions. For Paavo no one from the period when he and the Center Party were in the Government is important anymore. He does not have a line, but what is left is only tactical behavior and pure power politics. While Paavo has marketed himself as an ideologue, it is really frightening how much he has been able to transform reality."

Kanerva thus looks persuasively into my eyes while giving his judgment on transforming truth: "I cannot countenance lying, even white lies do not belong in politics. It is better to admit one's errors if one gets into difficulties. I consider it impossible to tell a lie."

Oooh!

Un-huh!

After all, why should a politician not want to be an honorable man? He may of course, not want to be. And what would a man's life be without a little flirting? Anyway he can look charmingly and persuasively deep into one's eyes and promise anything at all without telling a lie, without saying a word.

Skol!

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ITALY

PCI's Colajanni on Weaknesses of, Proposals for Party

35280138 Milan L'ESPRESSO in Italian
15 May 88 pp 14-17

[Interview with Napoleone Colajanni by Salvatore Gatti]

[Text] "A transition has begun." According to Aldo Tortorella, who summed up the political situation during the meeting of the Communist Central Committee last

week, the PCI realizes that something is changing in the country. Achille Occhetto said, "The political game is no longer for two as it used to be, but for three or four." In short, the communists feel a little less cut off from the power game than before. After all, even Gianni Agnelli is starting to talk about an alternation, and Alfredo Reichlin, who is in charge of the PCI "program," is glad to comment on Agnelli's remark, "The blackout on the communists has been lifted." But is the PCI ready for this change, with all the responsibilities that it involves? We asked Napoleone Colajanni, one of the leaders of the "reformist" wing of the PCI, an economist, and one of those who took up the banner of the party's "right," which had been founded and guided by Giorgio Amendola. Colajanni has just written a book that will be published by the Sugarco Publishing House in the next few weeks, entitled "A Reform Program." Its purpose is to summarize the state of the PCI, to analyze the political ills that still burden its action, and to suggest the changes in its course that are needed in order to keep abreast of the new developments. We also asked Colajanni to anticipate his criticisms and suggestions in this interview.

[Question] A few days ago Adalberto Minucci, a party Leader, spoke of the "Occhettization" of the PCI. What is that? Is there an Occhetto doctrine and a personal hegemony of his over the PCI, as there had been under Togliatti and Berlinguer?

[Answer] There is not, because Occhetto became deputy secretary and reached the "center" of the party not because he is the bearer of any winning political policy but for two reasons; first because a shift from the older to the younger generation was necessary, and second, because he was the most popular among the latter and enjoyed the most sympathy. But there is no Occhetto doctrine, unfortunately, and his appointment leaves all the questions open.

[Question] Occhetto is the "center," you are the "right," and there is the "left." Those are the same old positions in the PCI...

[Answer] Here is the problem: There are real disagreements within the party, while the fiction of unity is concealed under the disciplinary cloak. Dissension is tolerated provided that it is solely within the leadership, which must appear united to the rank and file. It is a reactionary choice because it prevents the militants from engaging in the political struggle within the party and making their independent choices.

[Question] What are the internal alignments today?

[Answer] There is the "left" of Ingrao, whose real philosophy is maximalism, an evil that Togliatti knew how to contain but not to eradicate. Then there is the "center" that follows a shifting, wavering policy, casually following different directions from time to time as Occhetto used to do, a center that is in the difficult

position of having to maintain a rightist program with leftist terminology. Then there is the reformist "right," to which I belong. And finally there is a fourth faction, the "pro-Soviet" one of Cossutta, who takes a stand that exists among the rank and file and cannot be dealt with as Macaluso does, by a method that reminds me of certain Stalinist remnants, and who cannot argue without questioning the intellectual honesty of his opponent."

[Question] In your book you criticize the method of selecting the leadership, the coopting from above that leads to inflexibility and slow sclerosis. But what would you replace it with?

[Answer] With the introduction, finally, of a new party rule whereby the factions are normally organized and clearly distinguishable (not just various possible motions as Massimo D'Alema maintains) so that when a vote is taken the various positions are represented according to the strength that they have, that is by proportional voting. That will restore the party's drive and vitality.

[Question] Also in your book, you speak of "confusion" and "ideologizing muddles," with which you charge the top of the party, from Occhetto to Reichlin. What do you mean?

[Answer] Many things. The vagueness of the policy, the concessions to maximalism, which has actually exploded again violently since 1980 and which is the internal obstacle to the PCI's becoming a power in government, and lack of any clear or precise policy on the institutional reforms, without which it is becoming a subordinate force for a De Mita who can use it to make a pretense of involving the PCI without paying any price.

[Question] Do you not also mean the lack of any realistic program, which neither Lama nor Reichlin has yet succeeded in specifying?

[Answer] That too. The program proposals are still on the level of vague generalizations and propaganda slogans, and there is never anything specific from Reichlin. There is not one specific or credible proposal for reducing public expenditures for example, not even at the last meeting, where he vaguely blamed the "financialization." There is not one word about the need of taxing the independent workers. There was only demagoguery at the workers conference, where he argued that we are tired of making self-criticisms, and no mention of the fact that in order to enter paradise the working class must make some sacrifices and even economic ones, as Amendola said. But Reichlin is unwilling to go beyond generalities or to assume specific responsibilities.

[Question] Also in your book, you maintain that there is an old culture in the PCI or even no culture. Why?

[Answer] Because the Communist Party, when it abandoned Marxist ideology as its official doctrine (and it did well to do so), also threw out the baby with the bath water, namely the critical method of analyzing reality, which is basic to any culture. In that way we ultimately substituted for Marxism a fragmentary and confused composite of other ideologies, while the basic principles have actually been lost: When the philosopher Beppe Vacca criticized the political period of national solidarity (the years of the Andreotti governments with the external support of the PCI) he did not even bother to glance at the numerous economic facts: In those years Italy was the only European country that succeeded in safeguarding salaries and employment. This is a lack of culture. It is talk with no knowledge of the facts.

[Question] In your book you write, "The word reformism is used to label a school of ideas as a concession to the existing order that would refuse to subvert it." Then the critics of "reformism" are those who support the ouster of capitalism...

[Answer] Exactly... Those who say it do not know how to do it and are futile maximalists. Actually the only way to combat capitalism is the reformist policy of gradual action, reform and formation of the consensus through precise and specific changes in the institutions and the economy. Having abandoned the Soviet legacy, we must take up the legacy of German and Swedish social democracy in earnest, namely their reformism and their pragmatism.

[Question] Many chapters of your book are devoted to the rules for a new economy. What is the sum and substance of the "reformists" economic policy?

[Answer] It is this. First, development must be resumed because contradictions are not resolved without it. Second, the anarchy in the accumulation process that is obstructing it must be combatted. There is a constant struggle among industrialists, financiers, consumers, workers, producers and welfare beneficiaries to appropriate the economic surplus, a product of the system. Instead of that there must be structural changes in the rules of the game and the public's means of intervention so that the surplus will be used to resume development of the productive forces from industry to the third sector, that is most of the financial resources must go to the one who produces wealth.

[Question] And who is to be restrained?

[Answer] In the first place the claws of the financial capital must be cut. Then, and here we get back to the PCI program again, the workers cannot qualify politically or practically like those who are seeking to appropriate a larger share of the surplus...

[Question] Are you referring to the trade unions' logic whereby the more the firms' profits grow the more the workers' wages should grow?

[Answer] Exactly, regardless of the firms' development. But I am also referring to the resources burned in the "Social State," which is not even the antechamber of socialism in Italy today. The critical element in economic policy today, in the country and in the PCI, is whether the working class should opt for the Social State, which consumes and wastes resources, as Reichlin wishes, or development of the productive forces in order to have more investments, more employment and ultimately higher wages, all of which are in the general interest?

[Question] In short, the Communist Party should choose between maximalism and reformism...

[Answer] The party must change in order to survive. Today it is becoming more and more of a working-class and elderly party, and it is sliding (very slowly) down the same hill that the French Communist Party fell down. There are bad signs. According to the official figures, the party membership declined from 1.8 million to 1.5 million between 1977 and 1987. Moreover in 1986 the average number of workers belonging to the PCI was 37 percent of the total membership, while 43 percent of the new members were workers, so that the PCI is becoming more and more of a working-class party and is not gaining ground among the new productive classes. And finally, we got 26 percent of the votes in the last general elections but only 17 percent of the young people's votes. Aren't those bad signs?

[Question] Giorgio Ruffolo wrote in MICROMEGA about the PCI: "An inevitable decline? A fatal course? No, all regenerations are possible, but at the price of a break with a continuity that is proving fatal in the long run." Do you agree?

[Answer] Certainly. He is right. And the break with the continuity must be two fold. First, to abandon the old procedure that is not as much Marxist as it is Soviet and to follow in Italy the pragmatic policy of European social democracy and, second, to change the rules of the party's internal game and embrace the trends and the new social classes with them in order to democratize and thereby reinforce the party at the same time. It is not credible today in the eyes of the new social classes.

[Question] The title of your last book, of March 1987, was "To Change Completely or To Submit to the Decline." What has changed in the PCI since then?

[Answer] Three things. First, the party has been shrinking more and more. Second, it has discussed its own difficulties at length but it has not reacted to them adequately. And third there is the change represented by Occhetto and just by Occhetto. In facing his new responsibilities he seems to me to be realizing that there is a question of the party's survival and that no progress can be made this way. I have not lost all hope yet. There is nothing left to do but wait for the evidence of the facts.

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NORWAY

Prime Minister on Economic Problems, Political Outlook

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24 May 88 p 3

[Interview by Lars Hellberg: "Desperate Over Our Democracy"]

[Text]

—The lack of a credible government alternative is a dilemma for any democracy.

—I despair over how difficult it must be for people to orient themselves in this political landscape.

—The center parties must choose, and the Conservatives must clarify their relationship with the Progress Party.

—It will take many years to reestablish the balance in the Norwegian economy. But we are on the right track.

—We cannot fulfill more expectations than there is a basis for in the Norwegian economy.

These are the main points in the political analysis on which Prime Minister Gro Harlem Brundtland bases her activity at the beginning of the final spring spurt in the Storting.

"The great weakness is the lack of a general overview when it comes to what the alternatives to the priorities are, the values, and the policy the labor movement stands for," she points out to AFTENPOSTEN. With regard to the economic development, she is convinced that the government is going in the right direction.

—The trend in the opinion polls is, however, clear: In a situation where there is no credible government alternative, the Labor Party is losing ground. What is wrong?

Favored

"The key issue is different. We have great economic problems as a consequence of lost oil revenues, an overheated economy and reduced competitiveness. Norway has enjoyed a strong growth in the standard of living over a long period. When we have to reduce private consumption and establish strict limits for public consumption people get frustrated. People notice this most in their own economic situation.

At the same time, the absence of a credible government alternative is a dilemma for any democracy regardless of the fact that a government party loses support in a difficult situation. If we do not focus our values and choices, the social debate becomes unsure and slow.

—Is the Prime Minister sorry that there is no opposition which represents an alternative?

Despair

"Yes, I must say that I am downright desperate over Norwegian democracy, how difficult it must be for those who are trying to orient themselves in the political landscape to get an overview of the alternatives available. For most people it is not easy to find out what the agreements and disagreements are in Norwegian politics. We must get rid of what we do not need to discuss, and begin to talk about the interesting and important choices we are facing."

—Isn't it soon time to admit that social critic Carl I. Hagen is right and as responsible politicians make sure that the problems about which he speculates will be solved without inhibition and, incidentally, with good results?

"Any social critic finds a more fertile ground in a time where realities do not provide a basis for an increased standard of living. Similar conditions have provided a fertile ground for protest parties in countries such as Denmark and France as well. He appeals to the individual's desire for more benefits, more money and less expenses. It would turn things upside down if one would agree with Hagen when what he says is wrong. It would mean a weakened basis for the informed national leadership," says the Prime Minister, who points out the following directions:

Many Weaknesses

"There are many weaknesses in our welfare society. The public services need to be overhauled, and also the private ones for that matter. In this respect, we must be very critical, and we are actively working on finding solutions. The solutions Hagen puts forward, whether for a car repair workshop model for the health service or for the longterm financing problems of the national insurance, simply do not hold water. We must look closely at his arithmetic, and explain the consequences to the people."

—But in order to expose Hagen, isn't it necessary that you, yourself, must be able to solve the problems?

"—Yes, but we cannot promise the people a higher standard of living unless it is based on an increased general national product. To the extent that this is a question of greater and more benefits, we have no basis for proceeding faster than we do."

Right Direction

—Take hospital beds as an example. Can't the resources be utilized better?

"Of course. But in this area, extensive work is already being done. As we know, new technology and medical progress increase the demand for hospital services. But despite of this we reduced the beds by one-eighth last year. This is a step in the right direction. The answer, not to Hagen's criticism, but to society's problems is, of course, to do everything to find the concrete solutions and make things function effectively. It is a matter of confirming the faith in the welfare society and the community spirit as a basis for the future," the Prime Minister says.

In Agreement

She also believes that we are on the right track when it comes to the economic development.

—But wouldn't it be natural to follow this spring's historic wage settlement with a critical look at the government's expenses and reevaluate a tax policy which does not encourage the extra effort we need so badly?

"No. The economic situation including the wage settlement is in agreement with a course which will give the right results. If tighter restrictions had been necessary, we would have suggested them."

—You are not afraid that the government is sounding the all-clear too early?

"No, this is not the case. There is nothing in the revised national budget to indicate that we claim the danger is over. On the contrary, we repeat that it will take several years to fully stabilize the economy. When we balanced the national budget last year, we expected an actual reduction of .5 percent in 1988. Now, it will be 1.5 percent, and that on top of cutbacks of two percent in 1986 and 1987. We believe it is correct not to go further because of the danger of increased unemployment. The government's choice is based upon a realistic evaluation. The danger is not over. Now we must hold a steady course to reach our goal," the Prime Minister says.

When looking back on her 2 years as government head she believes that with the support of the Storting majority more was achieved than could have perhaps been expected, particularly when it comes to a fair method for straightening out the Norwegian economy. She says that this was, however, an effort the Norwegian people have made together. The high-income groups, in particular, have felt the cutbacks in the Norwegian economy in their own pocketbooks. This was necessary, and we can be pleased that we were able to do this, she points out.

On the other hand, she wished more progress would have been made in the area of taxes. She looks forward to the results of the report on business taxation. "Here, we have new possibilities for an improved and fairer tax system. When I am using this order, it is because the effect on the productivity and the use of resources in Norway today is just as important as fairness."

—In the union and party rank and file it is claimed that the leadership does not listen to criticism. Is this completely unjustified?

"The impatience is justified. But we cannot fulfill more expectations or demands than we have a basis for in our economy. In that sense, the labor unions must give priority to ensuring employment, safety of future jobs and basic welfare benefits."

Different Directions

"It is clear that there are more demands than we can meet. Let me also say that demands and expectations often go in different directions. There are different groups also within the labor movement. Frequently, there are also groups which have nothing to do with the Labor Party, which are loudest in their demands towards the government."

—Does the Prime Minister feel that the government had to compromise to the extent that it made an arrangement, as some party members claim?

"When we essentially get what we believe is right, accommodations, in view of the fact that we do not have a majority of our own, do not present a big problem. Had we wished a completely different policy than the one we are pursuing, we would have had a dilemma. With the support of the center parties we have come quite far in the direction we want. As to economic policy, we are going in a completely different direction than before the change in government in 1986. We were able to gear the social development in our direction, and can be fairly pleased with this."

—But the fact that voters loyal to the Labor Party say in desperation that they will vote for the Progress Party must mean that we are in a political crisis?

Negative Feature

"Several people who attach themselves to this Conservative populist party, regardless of who it is, are a negative feature in our society. But there is another interesting phenomenon in this turbulent picture. The crossover from the Conservatives to the Labor Party is not insignificant. At the same time, the Progress Party draws more voters from the Conservatives than from the Labor Party. We are faced with a challenge, but most of all it is a challenge for the Conservatives, which is content with attacking the Labor Party in the hope that this will be the best solution."

—Is there a danger that after the next Storting election we will again not get a government with a clear parliamentary majority behind it?

Great Concern

"I view the development in the nineties with great concern. If we get a spread over several parties including a larger Progress Party we will not have good and stable leadership conditions. Before the election we must have a clearer debate on ideologies.

This could be a debate between the Labor Party and a loose alliance between the Conservatives and the Progress Party. As I see it, the Conservatives are now preparing for making a fuss over the Hagen arrangement, while the center parties' situation is unclear. We can get four different non-socialist alternatives, a Conservative program, a Progress Party program, and the center parties' program in addition to the Labor Party's program. And this takes us right into a Danish situation with unclear government alternatives.

Dilemma

—Isn't this unfair towards the Conservatives? There is no clear movement in the direction of the Progress Party?

—No, it is not clear. What I see is, however, a Conservative party that is not ready to arrive at a settlement with the Progress Party. The Conservatives are at odds with themselves. This also causes a dilemma for the center parties which require a moderate Conservative party as a prerequisite for going along with a non-Socialist alternative. They will not have a non-socialist alternative if the Conservatives go hat in hand over to the Progress Party."

—Is there something to the rumors about a more formal cooperation between the Labor Party and the center parties, perhaps in particular the Center Party?

Clear Choice

"We could have a situation where the Labor Party and parts of the center could be the government alternative. But this implies that the center parties must gradually make a choice, and this is being discussed thoroughly by center parties," the Prime Minister says.

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Increased Attention Given to Ascending Progressive Party

Leftist Criticizes Immigration Platform

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[Article by Thorleif Andreassen: "Sharp Socialist-Left Focus on Progressive Party in New Book"]

[Text] "In the real world the Progressive Party is not a liberal party." This charge is made in the Socialist-Left [SV] book, "The Right of the Strongest," which sharply attacks the Progressive Party.

"It is undeniably peculiar that a party that invokes liberalism has the most restrictive immigration policy," authors Erik Solheim and Torgeir Lorentzen write in the chapter, "Norway for the Norwegians?"

In the foreword Solheim maintains that the authors are attacking the concept of the right of the strongest. One of the 12 chapters is devoted to immigration policy and the theme that runs through the book is that there is little room for human charity in the Progressive program.

Excluded

"The 'champions of freedom' in the Progressive Party are the first to man the barricades in the battle to exclude immigrants from Norway. The liberalist ideology on which the party claims to base its policies says that goods, services, capital and labor should be able to move freely from one place to another. In other words there should be no type of barrier that would prevent a person from living anywhere he wants to, for example. Everyone should be able to make his own decisions without restrictions and choose where he wants to live. Thus it is strange that the Progressive Party is the one that is most active in advocating the exclusion of people from other countries!"

Special Advantages

They maintain that the Progressive Party's overriding theme in the immigration debate is that people who come to this country should not be given any special treatment.

"This is a recurring theme in the party's programs. It is followed up by such demands as eliminating SIBO (the Immigrant Housing Society), cutting all public subsidies for original language instruction and refusing to provide adult education for immigrants. The party feels these things give immigrants special advantages in relation to native Norwegians. But the program says nothing about other kinds of 'special treatment' given to immigrants, such as substandard housing, lower-paying jobs or inadequate legal protection. Nor is anything said about the special treatment that is undoubtedly involved in experiencing discrimination in almost all areas of life."

Playing on Racism

The book maintains that Carl I. Hagen's statements about Muslims and foreigners in last year's election campaign fed the racist attitudes of some groups. The authors refer to the forged letter Hagen received, allegedly from a Muslim from Pakistan. The letter warned that if too many Muslims and foreigners come to Norway our whole way of life could be threatened. The book criticizes Carl I. Hagen for not checking to make sure the letter was genuine before he quoted from it.

Drama

"Nor did Hagen take the time to find out what kind of refugees and asylum-seekers are coming to this country today. If he had done so he would have found out that most of them belong to four groups [as published]: Chileans, Yugoslavs and Tamils. None of them are Muslims. The last group comes from Iran. In other words people who have fled from the Muslim Khomeyni regime. However this was of no interest to Hagen: The object was not to talk about any real danger. Far from it. The whole thing was a drama staged to feed people's fear of the unknown," according to the book, which will be presented on 19 May.

Great Distance From Conservatives

36390068 Oslo AFTENPOSTEN in Norwegian
16 May 88 p 2

[Text] Sociological research also involves organizing things systematically, that is obvious. Few will be surprised by a study showing that the three parties in the government in 1985-86 were generally in agreement with each other. After all, ruling jointly calls for agreement. And a government will survive only as long as the party groups in the Storting support this unity.

Even so, researcher Hilmar Rommetvedt's measurements of the distance between the various parties, which AFTENPOSTEN presented last week, are of great interest. They confirm and underline certain facts that are fundamental for understanding the political situation today and thus the possibility of finding a way out of it.

Such a fact is the widespread lack of agreement between the Conservative and Progressive parties as indicated by Storting ballot figures. It is true that this method has the weakness, as Rommetvedt himself points out, that major and minor matters are lumped together in the figures, in a way it is like adding apples and oranges. Even so, the number of issues on which the two parties did not reach the same conclusion was so large that it obviously indicates two vastly different approaches to policy. Not just different shades of conservatism, as some people seem to think. Or that one party says what the other one thinks.

The point is that the Conservative Party is conservative, the Progressive Party is liberal and these are more than ideological labels. In terms of practical politics this is indicated by their choice of direction, tempo and areas of activity.

The Conservative Party seeks to balance people's obligation to help themselves with their obligation to help others, the Progressive Party stresses self-help almost exclusively. The Conservative Party is concerned with continuity, with maintaining coherence. Therefore, it prefers to carry out reforms gradually, so that people can keep up with things, while the party is afraid of drastic changes that destroy everything. The Progressive Party is

willing to take bigger chances. But the problem is that this can easily result in people with greater resources taking bigger chances with those who have few resources.

However the disparity of viewpoints in terms of practical work in the Storting is also due to the fact that one party is concerned with finding solutions to the problems while the other concentrates on demonstrating against them. The Conservatives seek to implement as much of their policy as possible and are, therefore, concerned with winning ballots in the Folketing. The Progressive Party is content to try to win votes.

So far the Progressive Party has been the party that turns its back on the political routine to show that it is not like the others. Voting against a tax increase was more important for the Progressive Party than preventing the establishment of a socialist government, which then increased taxes, fees and state regulation. It is true that the protests against such a policy become stronger the more people vote for the Progressive Party, but the chance of doing something about it becomes correspondingly smaller. To do that, voters on the right must vote for a party that acts realistically. And that party is the Conservative Party.

Contrasted With Danish Party

36390068 Oslo AFTENPOSTEN in Norwegian
21 May 88 p 2

[Guest commentary by researcher Tor Bjorklund: "The New Voter Unrest"]

[Text] Voter shifts in recent months have been so widespread that we have to go all the way back to 1973 to find anything like it. That was the year the Progressive Party—then called Anders Lange's Party—was founded, inspired by Mogens Glistrup's example. Five months after the formation of the party, it won a real election victory with over 100,000 votes. Today both the Norwegian and the Danish parties are making progress. Are there similarities between conditions then and now that can explain voter unrest and the shifts on the far right?

Many things seem to be different. The question of refugees and asylum-seekers was not an issue in 1973. But then as now the Progressive Party [FRP] was fed by contempt for politicians. The melody is the same. Power-happy and incompetent politicians who meddle with this and that must be brought under control. Politicians and bureaucrats who should be the servants of the people have become their masters. The party claims to defend the "little man" against the new "ruling class" and to that extent it is a typical right-wing populist party.

EC Conflict

In 1973 we experienced the shock waves from the EC conflict. The popular referendum on EC was a blue Monday for national leaders. Cold winds are also blowing at the top today. Banking, business and cultural

leaders are picking up their hats and leaving after staggering excesses and deficits were revealed. The cost is being charged to heavily indebted taxpayers. This kind of thing provides fertile soil for "anti-establishment" attitudes and strengthens the appeal of right-wing populism. The fiery speeches of right-wing populists are dismissed with a shake of the head by the experts and authorities, however. But such dismissals simply confirm the gap between the people and the elite. Spontaneous popular wisdom can be cultivated without the restraint of unnecessary complications.

As in 1973 there is a lack of a credible nonsocialist government alternative today. In addition, the present situation is marked by a lack of solutions and an absence of clear differences—on central issues—between the Labor Party and the Conservatives. Carl I. Hagen steps forward as the only alternative to the present course.

Fortune is also smiling on the Danish Progressive Party. The recent Danish election made the parliamentary situation even murkier than it was before the election. Danish and Norwegian conditions are not that different. The absence of a viable ruling majority creates contempt for politicians in both countries. Thus FRP's swing-vote position encourages its growth. The Danish Folketing has become a "kindergarten," said the leader of the Danish Progressive Party, Pia Kjaersgaard, who won the acclaim of the voters.

Urban Phenomenon

Danish and Norwegian FRP voters have somewhat different profiles. Glistrup's voters are about the same age as the rest of the population but a certain preponderance of older voters has been noted. In addition, the Danish party has always been strongest in the provinces. In Norway, on the other hand, FRP has characteristically been a youth and urban phenomenon, at least in elections up to 1987. The party does best in the big cities and suburbs. It is true that the Danish provinces are very unlike rural districts in Norway. Even so, the difference in regional support is noteworthy and calls for an explanation. I will make an attempt. It has been pointed out that the Danish provinces feel like draft horses for metropolitan Copenhagen. But the idea that the center is feeding on the periphery does not correspond very well to Norwegian conditions. The cities subsidize the outlying areas here.

Unstablensess

The Vejle butchers and warehouse manager Peter Rindal—later a staunch Glistrup supporter—represented a tangible protest in outlying areas of Denmark against "Copenhagenism" and the capital's cultural elite in the 1960's. Why should people pay taxes to support artists who despise sacred values and produce incomprehensible creations? The provincial towns where the protests blazed up were staging areas for Glistrup later on. That underlines a continuity. The most characteristic

thing about FRP, on the other hand, is the unstable element, the fluctuating support. But party sympathies change more rapidly than values and attitudes.

Distrust Increasing

However, commentaries on FRP's explosive growth may give the impression that suddenly, almost overnight, 20 percent of us became racists and superegoists. A more precise measurement of the changes in people's values can be found in the comprehensive survey by the Market and Media Institute [MMI], Norwegian Monitor. Using the same measurement system, people's values and attitudes were charted in 1985 and 1987. Although changes can be detected, the stability is evident. Despite claims of mounting fear of foreigners, there was only a very slight increase (from 1985 to 1987) in the number of people who agreed with the statement that "foreigners who want to live in Norway should live like Norwegians." "Egoism" and "distrust of politicians," on the other hand, have clearly increased and here FRP voters distinguish themselves with top marks. But if it is momentary self-interest—egoism—that determines party choice, the party picture can change quickly. Self-interest is a volatile and unstable quality.

Hagen on Goals, Tactics

36390068 Oslo AFTENPOSTEN in Norwegian
21 May 88 p 3

[Interview with Progressive Party leader Carl I. Hagen by Kjell Hanssen: "Party Might Support Conservative-/Christian Party Government"; first five paragraphs are AFTENPOSTEN introduction]

[Text] We need farmers in case of a crisis.

The immigration question should be decided by a popular referendum.

Families earning 300,000 kroner who have two children in a state nursery school are shoving their expenses onto their neighbors.

Culture might possibly be a state issue.

FRP would support a Conservative/Christian People's Party [KRF] government under certain conditions. The Center Party is a socialist party.

[Question] Will there be any farmers at all in Norway a few years after the Progressive Party comes to power?

[Answer] Oh, yes. We will have the farmers required to produce the food the country needs in a crisis. Probably a few more, because an adjustment will take time.

[Question] And this farm population will consist of unsubsidized independent farmers?

[Answer] Independent, yes, one-man farms or companies. But not without any support at all. We are considering subsidies to maintain production in some parts of the country, subsidies per square meter of cultivated land or subsidies for the actual production per unit.

[Question] So Hagen would also retain a farm sector that is spread out geographically and supported by subsidies?

[Answer] Yes, but not for the sake of local settlement as such. This is a question of self-sufficiency in a crisis, individual districts must be able to produce their own supplies to a certain extent.

Harsher Society?

[Question] What would life be like for subsidy recipients in a Hagen society, would it be a tough experience to be weak? Calculations show that such people as families with small children in nursery school would have a hard time: You have not managed to refute these figures yet.

[Answer] We are slow, but we are thorough. It is clear that if one takes an imaginary family that benefits from every conceivable subsidy program, of course it would fare better if things were left as they are. But we are also thinking of the family's neighbors who are really paying for all this. We have always gone in for reducing taxes by more than the amount of the cuts we have proposed in such funding measures. Thus, the average person would be better off. We must also remember that families only need nursery schools for a few years. But they pay taxes all their lives.

(Hagen found another major error in the criticism of FRP's proposal.) People assume that a service has to be as expensive as it is when it is run by the state, such as state nursery schools, for example. But if people are given the right to choose for themselves, they find much more reasonable solutions.

(He says it is the parasites who should be penalized.) Families who earn 300,000 and have two children in state nursery schools will fare worse under my system. They deserve to because they are pushing their expenses onto their neighbors. Today such families receive over 100,000 kroner in subsidies for the care of their children.

Cautious

(How does Hagen define society's social responsibility? After a little skirmishing over the concept itself, he sounds like most Norwegian politicians.) No one should have a right to sink to the bottom, we reject extreme liberalism. There must be a solid safety net for everyone. But the help must not be overdone so that there is no incentive to take care of oneself. Single parents now run the risk of losing support if they start working.

Hagen would retain most of the social security system. Is there really an average politician who is bound to the system deep down inside? Hagen explained that one cannot ignore the situation that actually exists. We have a particular system and reform policy must be based on that. Lars Roar Langslet could have said the same thing in a lecture on conservatism.

Culture?

We talked about the state's responsibility for culture. Aren't there cultural forms that can only survive if they are subsidized and haven't all governments through the years understood this? Aside from Hagen and the Progressive Party? Well, he is not opposed to a continued search by the party for a well-based standpoint here. But...every activity must be organized so that those in charge have an independent interest in making it as profitable as possible. After all, any state funding represents a decision that people must be compelled to pay for a certain activity. Do such cultural areas exist? The party has appointed a committee to find out.

At Our Expense

How can the most liberal party have the least liberal immigration policy? Hagen said the current position is connected with the economic consequences for the national budget and the unfair treatment Norwegian citizens receive. This becomes even worse when 90 percent of those seeking asylum are not true refugees. The problem would be much smaller if they had to take care of themselves. And that way not so many people would come here.

[Question] Then the Progressive Party has nothing against immigrants if they take care of themselves when they come here?

Referendum

[Answer] In that case FRP would probably be roughly in line with the Conservatives. And as far as I know the Conservatives have gone in for a permanent immigration freeze and so has the Labor Party. FRP simply wants to enforce the immigration freeze the other parties have gone in for.

Hagen is in doubt about how much foreign culture Norway can tolerate. Norway needs an open debate about what the country should be like 40 or 80 years from now. He believes that the number of people we can take in and assimilate properly is limited. The Progressive Party is considering proposing a popular referendum on this.

[Question] A referendum on what?

[Answer] On the amount of immigration. The average number we should take in over the next 50 years.

Replay of 1985?

Politics consists of protesting, but also of influencing developments. In the past Hagen and his party have made Norwegian politics considerably more unstable. But can the Progressive Party do the opposite, help to form a coalition? All indications are that the 1989 election will produce a nonsocialist superiority. But it will take more than two parties to form a majority. Where does Hagen fit into this picture?

[Answer] The probable outcome is a majority consisting of the Conservatives, the Christian People's Party and the Progressives. The Center Party is a socialist party, it has really always been one and has now taken the consequences of that fact. The characteristic of nonsocialist policy is an attempt to reduce the public share of the national product and choose market solutions rather than regulated systems wherever possible.

There is hope for KRF here. The Progressive Party should be able to support a Conservative or Conservative/KRF government if it has these goals.

[Question] If such a support role becomes a reality will it be based on a formal agreement?

[Answer] On thorough discussions, at least. And on a joint statement afterward.

Reflects Voter Confidence Crisis

36390068 Oslo AFTENPOSTEN in Norwegian
24 May 88 p 2

[Text] The various opinion polls show no sign that the crisis of confidence in relations between voters and politicians is abating. On the contrary, we are receiving fresh confirmation that Norwegians in increasing numbers are turning their backs on "incompetent" parties and elected representatives who are unable to clear up national and individual problems. The dissatisfaction and the protests that are evident today primarily affect the Labor and Conservative parties, while Carl I. Hagen's party is shooting up in the political opinion polls. The exponent of simple and cheap solutions, the rights of the strongest, is experiencing a period of greatness that one would scarcely have believed possible in a highly developed welfare state like ours.

Neither Hagen nor his party can be blamed for conditions in this country, of course. Others are responsible for the fact that the many weaknesses of the welfare state have not been corrected. It is also others who are responsible for the fact that the economic and political management is so poor, although it should be noted that the policies of the Progressive Party are far from offering any viable alternatives. The only thing Carl I. Hagen is really responsible for is that Norway still has a socialist government. In spite of all the promises to the contrary,

he—along with the Labor Party and SV—helped to overturn the Willoch government. In a historic perspective this may not be what Hagen himself wants to be remembered for.

But of course not many people are talking about that in the current situation, for the main thing that has characterized political developments since the government changed hands in 1986 has been the incompetence of the nonsocialist parties themselves. It is true that individually these parties have had a lot to criticize the present government for, but they have been unable to form a government themselves. The three former government parties have split in all directions on policy. There is not even an attempt to coordinate political actions.

In analyzing the reasons for the strong gains made by the Progressive Party, one cannot ignore the fact that the nonsocialist split and, thus, the absence of a real alternative to the present government has played a very important role. Prime Minister Gro Harlem Brundtland mentions this problem in a wide-ranging interview on page 3 [not included] and also talked about it in a speech in Utoya the day before Pentecost. Although the prime minister does not stress the government's own political responsibility, she is undoubtedly correct in her emphasis on the crisis that a democracy faces when alternatives are lacking.

If we had had a vigorous government alternative there would have been no basis for a political protest movement of the magnitude we are seeing now. It does little good for Syse, Bondevik and Jakobsen to denounce the government's inadequacy if they cannot create a joint platform and are not prepared to assume government responsibility themselves. For everyone knows that a decisive change in political course requires a new government.

And for our part we maintain that the way to win success and influence for nonsocialist policy still involves cooperation. Even the Conservative Party does not represent a viable government alternative on its own today.

Continued Strong Poll Gains

36390068 Oslo AFTENPOSTEN in Norwegian
28 May 88 p 3

[Article by Kjell Hanssen: "Hagen Breathing Down Syse's Neck"]

[Text] With an enormous new jump to 22 percent, the Progressive Party is now close to becoming the country's second largest party. The Conservative Party held on to second place this time by also rising in the Norwegian Gallup Institute's May election barometer from 21.5 to 23.2 percent. In other words, the two parties are virtually the same size.

The election barometer also showed the following:

	Stortings- valget 1985 %	1987 Mai %	Juni %	Juli %	Aug. %	Okt. %	Nov. %	Des. %	1988 Jan. %	Feb. %	Mars %	April %	Mai %
Ap.	40.8	41.0	39.0	39.8	38.0	38.3	38.1	34.8	35.1	34.8	33.3	30.6	29.7
DLF	0.5	0.8	0.6	0.5	0.4	0.6	0.1	0.2	0.3	0.3	0.3	0.6	0.3
Fr.p.	3.7	3.2	5.2	7.3	6.9	10.6	10.6	12.6	13.1	13.1	14.2	18.6	22.0
H	30.4	32.6	31.6	27.9	29.5	24.7	26.1	26.8	24.6	25.7	24.5	21.5	23.2
Kr.F.	8.3	7.4	8.1	8.0	7.4	7.8	6.8	7.2	7.2	7.3	7.7	7.9	6.0
NKP	0.2	0.1	0.0	0.2	0.2	0.3	0.1	0.3	0.3	0.3	0.0	0.0	0.0
RV	0.6	0.7	0.5	0.5	1.0	0.6	0.7	0.3	1.1	0.7	1.0	0.9	0.8
Sp.	6.6	6.5	6.0	6.8	6.3	6.6	7.0	5.7	6.2	6.3	6.2	5.5	5.9
SV	5.5	5.1	5.7	6.2	6.4	6.2	7.0	7.8	7.4	6.7	7.7	8.5	7.1
V	3.1	2.3	2.4	2.4	3.3	4.1	3.3	4.3	4.3	4.2	4.9	4.7	4.7
Andre	0.4	0.3	0.9	0.3	0.5	0.3	0.1	0.1	0.1	0.4	0.3	1.2	0.3
Sum	100.1	100.0	100.0	99.9	99.9	100.1	99.9	100.0	99.7	100.0	100.0	100.0	100.0
Ap. + SV	46.3	46.1	44.7	45.9	44.4	44.5	45.1	42.6	42.5	41.5	41.0	39.1	36.8
H + Kr.F. + Sp.	45.3	46.5	45.7	42.6	43.2	39.1	39.9	39.7	38.0	39.3	38.4	34.9	35.1
H + Kr.F. + Sp. + Fr.p.	49.0	48.4	50.9	49.9	50.1	49.2	50.5	52.3	51.1	52.4	52.6	53.5	57.1

The figures show how many people would vote in a hypothetical Storting election tomorrow. These figures are weighed against which party they voted for in the 1987 municipal election. Interviews conducted during the period 5-20 May 1988 by the Norwegian Gallup Institute, Inc.

Key: 1. Storting election 2. Labor Party 3. Liberal People's Party 4. Progressive Party 5. Conservative Party 6. Christian People's Party 7. Norwegian CP 8. Red Election Alliance 9. Center Party 10. Socialist-Left 11. Liberal Party 12. Others 13. Total 14. Labor Party + Socialist-Left 15. Conservatives + Christian People's Party + Center Party 16. Conservatives + Christian People's Party + Center Party + Progressives

The Norwegian political right has not been in a stronger position since 1897.

The middle-spectrum parties have never been smaller.

The Labor Party has not had a lower support level since 1924.

The socialist parties as a group have not been weaker since 1930.

And no party has increased its support level as quickly as the Progressive Party in 1988.

There are historic dimensions to the election barometer, conducted in the period 5-20 May. Again FRP had the largest increase, 3.4 percent to 22 percent. Support for the party is 10 percent higher than it was in the election victory last fall and about 18 percent higher than it was in the Storting election 3 years ago. Since that time FRP's support has increased sixfold.

This time, however, Hagen's party did not make gains at the expense of the Conservative Party, which noted a 1.5 percent increase itself to 23.2. Together the two parties on

the right had the support of 45.2 percent of the respondents. If the votes were distributed in the same way in a Storting election, the Conservatives and the Progressives would not be far short of having a majority without outside support.

Losing Ground

The Labor Party continues to lose ground. For the first time in a Gallup poll the party lay under 30 percent; with a decrease of 0.9 to 29.7 percent. This means the party is weaker than it was in the catastrophic election in 1930 and one must go all the way back to the divisive years of the 1920's to find a rating as low as this.

The party and the government have been through an unusually difficult time in the past year and have not always made things easier for themselves. The leadership has reason to hope that the worst is over. But there are grounds for concern.

Threat of Decline

First of all the Socialist-Left Party has picked up only a small part of the support lost by the Labor Party and this time SV also declined substantially (minus 1.4 to 7.1 percent). In addition, Labor Party recruiting is faltering; in today's poll the party scored only 21 percent among younger voters, compared to the Conservative Party's 27 percent.

And finally the party's former voters have done more than sit on the fence. Only 10 percent of all respondents now say they regard the Labor Party as the second best party. Thus the party's maximum voter potential at the moment seems to be around 39 percent (29 percent best and 10 percent second best). The Conservative Party has a potential voter pool of 36 percent (23 plus 13) and the Progressive potential is 31 percent (22 plus 9).

KRF Declining?

A surprising element in today's poll is the Christian People's Party's marked decline to 6 percent. However it will take several more polls before we can tell with reasonable certainty if this is more than a random result. Usually KRF has a very stable (but stagnant) bloc of voters. But in today's poll only 71 percent of those who voted for the party last year said they would support the party now. Some 8 percent would now go over to the Conservatives and as many as 11 percent chose the Progressive Party.

The so-called middle parties continued to lose ground even if one includes the Liberals (who were stable this time at 4.7 percent). The Christian People's Party has never had a lower Gallup rating than its May figure and the combined support for KRF and the Center Party is no more than 11.9 percent. That is less than the support each party could note separately 10 years ago.

Like the Labor Party, they have special problems attracting young voters. Neither Bondevik nor Jakobsen had the support of more than 3 percent of the voters under 30 years of age.

Migration

Fewer and fewer voters are sticking to the party they voted for as recently as last year. The Progressive Party has the highest level of stability with 85 percent, the Conservative Party has the lowest with 71 percent. The Center Party is also high with 84 percent. But on the other hand the Center Party has almost no influx of voters from other parties.

06578

Drammen Serves as Case Study for Rise of Progressive Party

36500116 Stockholm DAGENS NYHETER in Swedish
24 May 88 p 12

[Article by Bjorn Lindahl, DAGENS NYHETER correspondent: "Right-Wing Wave Sweeping Over Norway"]

[Text] Drammen—Authorities came within a hair's breadth of allowing stores to sell beer 24 hours a day in Drammen. But the number of wine and liquor licenses doubled overnight and there are fewer restrictions on trade here than in any other city in Norway.

That is only the beginning if Hroar Hansen, leader of the local Progressive Party, gets his way.

Drammen, the fifth largest city in Norway, located less than 4 miles from Oslo [southwest of the capital], has become one of the staunchest nonsocialist strongholds in Norway.

Last fall the Progressive Party made astonishing gains in the municipal election, increasing its share of the votes from 8.6 to 20.7 percent. Now the opinion polls are showing the same increase around the country. In one poll the party had a rating of 23.5 percent.

"The Progressive Party is like a big trough under two bags from which flour is sifting out. One bag is the Labor Party and the other is the Conservative Party," Hroar Hansen said with satisfaction.

He is also the national party's vice chairman and describes the typical Progressive Party voter as more radical, less bound by family tradition and more open to change than Conservative voters.

Many people have said that the Progressive Party has been so successful because the party leader, Carl I. Hagen, is riding on a wave of discontent with government restrictions, the Conservative Party has moved too far toward the middle and hostility to immigrants is increasing in this country. After tackling practical politics on the municipal level, the Progressive Party's fine promises will be exposed, so the thesis went. But apparently that theory has not been borne out.

"The 1987 municipal elections were a kind of declaration of confidence in the Progressive Party. The biggest gains were made in the municipal districts where the party was strongest before," said Tor Bjorklund of the Social Research Institute.

Lumber Industry

There is no reason why the Progressive Party should have a particularly easy time in Drammen. The city was long a center for the lumber industry. The river that cuts through it was full of timber floating down to the city's 12 paper mills. The first labor union in Norway was formed here in 1848. For 45 years, until 1979, the Labor Party reigned supreme with its own majority.

Although Egil Knudsen, vice chairman of the Drammen Labor Party, regards much of the development as a result of the fact that the lumber industry has lost ground and there is only one paper company left, 13,000 of those who work in Drammen are still members of the Norwegian Federation of Trade Unions [LO]. There are several large industrial firms in the city, which has a total of 52,000 inhabitants.

According to Tor Bjorklund, a new generation of conservative, low-status voters is emerging.

A study he made shows that the Progressive Party recruits 25 percent of its new voters from the Labor Party and 60 percent from the Conservatives.

"Many LO members vote for the Progressive Party. They have been inspired by the message that everyone is the architect of his own fortune," said Olav Boye, leader of LO's cooperative organization in Drammen.

"Perhaps that is not so strange when they own their own homes, cars and summer houses. At the same time the poverty of the public sector means that there are long lines at the hospitals, even for minor surgery."

Left the Party

Olav Boye was one of the leaders of the Drammen Labor Party himself, but he resigned.

"The Labor Party has abandoned its own policies and turned into a middle party after Gro Harlem Brundtland became party leader," he said.

Hroar Hansen feels that his party's gains in Drammen are due to a combination of national and local issues. When six party candidates were elected as municipal representatives in 1983, he concentrated on the local housing committee and became its chairman.

"I launched the 'yes phase' and opened every item of business by asking if it was legally possible for the city to say yes. If there were no complaints from the neighbors, an application was automatically approved."

Now he wants to abolish 200 municipal jobs, do away with taxes on single-family homes and sell the power plant and other municipal property.

But that will not be possible without the help of the Conservatives. The two parties have a combined majority in the city.

"We are more cautious. When it comes to services everyone depends on, we prefer state to private monopoly," said Turid Wikstrand Iversen, Conservative chairman in Drammen.

Drammen was the first city in the country where Conservatives and Progressives wrote a detailed cooperative agreement.

The agreement was presented the day before the Conservative Party congress opened in January. It exploded like a bombshell in the debate on which course the party should choose—continuing to cooperate with the two middle parties or embracing the Progressive Party as a partner.

"It was a clever PR coup on Hroar Hansen's part," Turid Wikstrand Iversen concedes today.

She had not expected the agreement to be so controversial.

It is still too early to tell whether the agreement will hold and if it can serve as a model on the national political level. On the question of store opening hours, the three Conservative representatives broke away and prevented the sale of beer after 8 o'clock.

"It is much harder to compromise with the Progressive Party than it is with the middle parties. Hroar Hansen is a colorful personality who can easily flare up on the speaker's platform. But he is really always in a good mood," said Turid Wikstrand Iversen.

Hroar Hansen is known far outside the Drammen city limits. He operates several companies in which electric advertising signs are the main element. He also owns two nationally distributed newspapers, SONDAGSONDAG and MORGENBLADET.

Shaggy Beard

With his shaggy beard, stocky figure and mellow voice, he does not seem very dangerous. But he is one of the Progressive Party's most consistent advocates of strict liberalism.

The party is moving out of the discontent stage and could become the Nordic region's first pure party of the Thatcher/Reagan type. A great deal has changed since the party's founder, Anders Lange, sipped egg nog on television 15 years ago and talked about abolishing the Environmental Affairs Ministry. Now the party has its own environmental program.

The party is full of young professional politicians who want to move up and who can get interesting assignments at an early age, while the political broilers in the Conservative Party become middle-aged.

Researcher Tor Bjorklund feels it would be premature to say that the ideological wing is absolutely dominant in the Progressive Party. The party still makes farcical moves and its policies are self-contradictory in some areas.

"I have never considered the phrase 'party of discontent' particularly apt. In reality the Progressive Party usually stands out as having the most humane and humorous policies. Its dimples are still showing."

Rhetoric

The Progressive Party has also been more adept than other parties in its use of television. There was a direct television broadcast of a speech Carl I. Hagen addressed to the congress without referring to notes. The speech sparkled with rhetoric and was the main reason why the party made such a big jump in the opinion polls. But good use is also made of the media on the local level.

Hroar Hansen owns part of Radio Fakta in Drammen, a very popular local radio station that is on the air 40 hours a week.

"We have had call-in programs dealing with various issues that lasted for hours. A good 95 percent of those who call in say it is high time the politicians stopped running our lives for us. People are tired of being treated as if they can't manage their own affairs," said Nina Aarnes, manager of the radio station.

She thinks that part of the explanation for the success of the Progressive Party here is that it has spurred a development that has made the city more interesting. In the past it was best known as a gigantic crossroads where two European highways meet.

"Drammen is becoming a fantastic city. There are 22 exhibits and we are close to both Alpine sports areas and Oslo. Now the politicians are beginning to spruce up the city too," said Nina Aarnes.

06578

Liberal Party Improves in Polls

36390069b Oslo AFTENPOSTEN in Norwegian
28 May 88 p 3

[Article by Kurt-Johnny Olsen: "Liberal Party on Its Way Back"]

[Text] After an absence of almost 3 years, Norway's oldest party, the 104-year-old Liberal Party, is heading back to the Storting at top speed. This has become clear from the opinion polls in the past few weeks. If there had been a Storting election today, the party would have received six seats - three of which equalization seats.

There is every indication that the party leader, Arne Fjortoft, will have the responsibility of leading the Liberal Party back into Norwegian political leadership, possibly with the help of a previous leader and Storting member, Odd Einar Dorum.

Based on the opinion polls for April and today's poll from the Norsk Gallup Institutt A/S, the Liberal Party will get a seat for Rogaland, Hordaland and More and Romsdal. The equalization seats will come from Oslo, Akershus and South Trondelag. A poll conducted by AFTENPOSTEN shows that Odd Einar Dorum could be a very hot name during the nomination in Oslo. It is argued that experience in national policy is needed, something only Dorum has among the names which are being mentioned in the respective counties. "I have not decided whether I will agree to a possible request," Dorum tells AFTENPOSTEN.

Rogaland

During the Storting election in 1985, Arne Fjortoft topped the Liberal Party list in Rogaland. At that time, he missed being elected by 1,500 votes. Today, Rogaland is considered a safe seat. Everything indicates that Fjortoft will be offered the same spot on the list during the election next fall, and there is reason to believe that he will accept it. Other persons who could be high up on the Rogaland list are Ase Britt Borsheim Ersdal, Kristin Bade Veire (New Liberal Party), Inger Eikesdal, and Torunn Moksheim Lehnmann. The four women are in their mid-thirties, and all have been active in local or county politics.

Hordaland

The Hordaland seat also seems secure today. County leader Dominikus Bjordal's name continues to be mentioned. But he faces stiff competition for the seat from Harald Gammelsaeter, who is being mentioned as a unifying candidate for the "new" Liberal Party, which will include the New Liberal Party starting in June. The group leader in the county administration, Kjell Alvheim, and a research associate, Alf-Inge Jansen, are also being mentioned.

More and Romsdal

County Deputy Spokesman Einar Holm is mentioned as the obvious candidate if he wants it. Should he prefer to continue in county politics, Jarle Haga from Averoy or Per Steiner Husby could move to the top of the list.

Equalization Seats

In addition to Dorum who seems to be the strongest name in Oslo, the previous secretary general of the Liberal Party, Anne-Lise Bergenheim, and the leader for the Dounreay action, Jan Klovstad, are being mentioned. In Akershus, the assistant county school head, Berit Nafstad Lyftingsmo, and Torstein Slungard are mentioned—both are county politicians—and the previous spokesman in Kongsberg, Eldbjorg Lower. Erling Moe, previous group secretary and first candidate on the Labor Party list in South Trondelag in 1985, is also a name to be considered for next fall's election in this county.

12831

PORTUGAL

Use of Israeli Technology Aids Police Work

35420088b Lisbon O JORNAL in Portuguese
20 May 88 p 2

[Text] The Ministry of Internal Administration may in the near future arrange for a shipment of ultrasophisticated equipment for tapping telephones and eavesdropping on conversations from a distance. The cost of this operation is expected to come to nearly 1.2 million contos.

This equipment would be purchased, according to our sources, as a result of the government's need to ensure state security "more efficiently and on a higher level," in an effort to correct Portugal's situation as a country which is "too weak and vulnerable where international terrorism is concerned."

If this order is placed, the equipment will be provided to the Portuguese authorities by an international trust dominated by Israeli capital.

This trust recently supplied the customs inspection service with communications equipment for radar surveillance and infrared photography, as well as reconnaissance planes and fast patrol launches. This equipment required an investment of about 2.5 million contos.

In connection with the telephone tapping equipment now being considered, O JORNAL has learned that the latest technology involves the use of digital processes characterized by the highest degree of efficiency and sensitivity. Thus a small miniaturized apparatus placed in an automatic switchboard or linked with a coaxial cable makes it possible to monitor several hundred telephone lines simultaneously. It is possible to program the system to record only the conversations in which certain words, which serve to activate taping mechanisms, have been used.

O JORNAL was unable to establish where the new listening equipment will be installed, but it was learned that both the Judicial Police and the Security Intelligence Services (SIS) are claiming the "right" to use it. This may lead to arguments within the circles most concerned with this process.

The Judicial Police already have equipment for tapping telephone lines, but the capacity of the existing equipment is far inferior to that of the new system for which the Ministry of Internal Administration is negotiating.

Contrary to certain rumors which have been circulating in well-informed circles in the capital this week, the funds required for the purchase of the new telephone monitoring system will not be taken out of the 4 million contos which the government has allocated for wage increases for the military.

The telephone tapping issue has already been the cause of heated public debate on numerous occasions, as was the case last year when the Constitutional Court approved the terms in which the new Criminal Procedures Code deals with the matter.

Despite the fact that the Constitutional Court found some aspects unconstitutional, these provisions of the code are still in effect, including those under which the authorities can continue to tap telephone lines or open correspondence.

5157

UGT's Torres Couto: Personality, Prospects Discussed

Torres Couto, PS' Constancio Compared
35420084 Lisbon *EXPRESSO* in Portuguese
7 May 88 p 3

[Article by Jose Antonio Saraiva]

[Text] In an article published a few weeks ago, I defended the idea that there were two Socialist Parties (PS): one of a political nature headed by Vitor Constancio and the other a labor union party led by Torres Couto.

There are no similarities between the two—neither in terms of language, nor in terms of strategy, nor in terms of the personality of the men heading them.

Constancio gives the impression that he was a good student in school, while Torres Couto seems like someone who did not waste much time studying.

Constancio is generally acknowledged to be a competent technician; Torres Couto never completed any course of study.

Constancio is shy and it is hard for him to relate to what is commonly known as "the public"; Torres Couto is "brash" and deals with the public like a good salesman would.

Thus the two have nothing in common.

And for a long time it was impossible to draw any comparison. Constancio was the leader of the largest opposition party, Torres Couto headed a labor union that could not compete with Inter. And aside from that, he was not taken very seriously by the leaders of his own Socialist Party.

However, everything changed when the PSD [Social Democratic Party] won an absolute majority.

The PS found itself suddenly reduced to the role of a spectator, unable to influence the train of events: For 4 years it could do little more than protest—and watch Cavaco Silva govern the country.

The same thing happened with other opposition parties.

This is the reason the center of conflict suddenly shifted from the political to the labor arena.

Unlike the parties, the labor unions could confront the government and force it to negotiate—or even to give in.

Now it is Torres Couto who has taken advantage of this "shift of arenas" to take revenge, not only for years of virtual anonymity, but also on the people who limited his power.

Displaying unquestionable intuition—coupled with a lack of certain scruples that hamper some politicians—Torres Couto quickly attracted attention, even becoming Cavaco Silva's main interlocutor.

In the matter of the general strike, he applied the principle that the ends justify the means.

He began by not wanting the strike or believing in it too much.

He nearly reached an agreement with the government.

In the space of a few hours, however, he did not hesitate to change positions: When he noticed that the majority of the UGT was in favor of a work stoppage, he jumped on the band wagon and the next day came out as the great advocate of the strike.

On 28 March Torres Couto emerged as a sort of "national hero."

Since then, the UGT secretary general has been engaged in more or less frenetic activity.

Betting on the unexpected, he made a clean sweep of "acquired truths," he surprised observers, and he sowed the seeds of "confusion" and "disorder"—stirring up the whole labor movement.

He backed a controversial alliance between Socialists and Communists in one large syndicate.

He entertained the idea that all should join in commemorating the 1st of May in the near future.

He antagonized, threatened and made fun of Social Democratic workers, who had been his allies up to then (taking a stand that should be viewed primarily as a challenge to the PSD leader himself).

At present, not only does Vitor Constancio have reason to be worried about Torres Couto's activities, but the powerful Intersindical should also be concerned over the quick and unpredictable way in which he moves.

Now we shall see whether the UGT secretary general is capable of controlling the situation he has created, or whether he will be swallowed up by it, and the whole matter will turn out to be a rash personal propaganda move by a man whom fortune placed on the crest of a wave.

Torres Couto on Himself

35420084 Lisbon *DIARIO DE NOTICIAS*
in Portuguese 5 May 88 p 7

[Article by Maria Joao Avilez]

[Excerpts] Jose Manuel Torres Couto always is very aware of who is sitting in front of him, and he also grasps with keen intuition the personality of each of his interlocutors. Depending on whom he is dealing with, he acts in one way, or another, or yet another.

Knowing in advance, for instance, that I would disagree with the success of his general strike (if the Communists had not provided their valuable assistance, how great would have been the success that he is now proclaiming?), conjecturing that I would dispute the text of the Labor Law with him and that I would talk to him about Cavaco, Constancio and others, or confront him with his immense—too immense?—political ambition, Torres Couto was finally true to himself. That is to say, he acted, spoke and argued as the interlocutor of the day, or in this instance as himself!

First, the scene: the dining quarters of the new property where the UGT Executive Secretariat is now housed, a beautiful room perched above the river and the ochre-colored roofs of the houses of old Lisbon. Next, the shirt: one of his famous white-collared shirts, an ideal background for the silk ties he loves (unlike the dark, conservative neckties he wears as a labor leader and which he was wearing as he showed us into the house). Finally, the tone of voice: mild, even, smooth, even when I raised mine. And of course, his conversation: clever, shrewd, reassuring, but always trying to trap me at every corner, at any possible slip into excessive "Cavacism." The truth is ... I take my hat off to him!

On hearing him, even more on observing him, one has the impression that he is very content, that he would be capable of convincing us that he could get around any obstacle and convert any defeat into victory.

Communists at the head of the Bankers' Syndicate?

"A pure accident of strategy, even irrelevant, because the UGT will remain faithful to its original project; what is more, there is no reason to believe that this accident will be repeated in other unions or other sectors..."

(Nevertheless, either I dreamt it or a troubled shadow fleetingly passed over his face.)

More cautiously, however, he said that "we should not dramatize things...." In other words, "we should draw conclusions from what happened, and in so doing make way for fruitful agreements between the unions and the PSD..."

But rather than watching him play ping-pong with my doubts or criticism, I was more interested in trying to find out exactly what he believes and intends to do. I wanted to know how ambitious he is, what his game is, and what flavor and importance the word "politics" has for him.

Torres Couto began by repeating a few cliches regarding, for instance, "the political downslide of the labor union movement"; but when I became impatient, he went directly to the heart of the matter: Yes, he has the passion and vocation for politics; yes, he is like a fish in political waters, but sometimes he needs oxygen; yes, he spent a lot of time with Mario Soares and learned everything from him; yes, he does not exclude the possibility of running for the top position in the PS,...some day.... That is to say:

"In politics, the future is always unpredictable; but if the question of replacing Vitor Constancio should come up some time in the next few years, and I hope it will not, then I would not rule out the possibility of becoming a candidate, on an equal footing with other well-placed high officials..."

And he went on to say:

"I am decisive and determined, I listen to other people a lot, but I am capable of making my own decisions. And I am not afraid to stand alone once I have made a decision."

Torres Couto dixit.

09805

Analysis Examines PS Strategy Toward PCP
35420088a Lisbon TEMPO in Portuguese
19 May 88 p 2

[Article by Nuno Rocha]

[Excerpts] The complicity among the leaders of the Socialist Party (PS) in connection with the alliance between the PS and the PCP in the Bank Workers Trade Union elections was notorious. There were no formal statements made on the matter, but it is obvious that Torres Couto did not act alone. The secretary general of the UGT is basically a politician, and in making the decision to support the joint socialist and communist slate, he acted as a politician. With what intent? The ordinary observer will not have known about some of the tactical changes made by the Socialist Party leadership with a view to its long-term strategy. The Socialist Party is a party of power, with a legitimate ambition to direct the country. Although the PSD enjoys a privileged position, it is a fact that the PS can win elections. The social democrats did not want to miss the opportunity to point

out the alliance which developed, apparently spontaneously, between the socialists and the communists. In this way the PSD hopes to draw the most conservative group of PS voters away from that Socialist Party.

However, the question goes deeper, and only those following these political maneuvers were aware of the fact. Currently, the PS is pursuing a secret strategy. The socialists, who are traditionally well-informed about the Communist Party, know that the PCP is facing an irreversible crisis. Modern European history shows that after the decline begins, no communist party recovers. Already in the last elections, many communist voters cast their ballots for the PS. This trend will inevitably and irreversibly strengthen. We will see the consolidation and expansion of this phenomenon in the next elections for the self-governing bodies. We will see innumerable alliances between the PS and the PCP on the base level, such that the PCP will suffer a heavy loss of votes while at the same time the PS will gain.

We are faced with a development which has arisen from European history. It is the end of communism everywhere. Modern social democracy, which came from Bad Godesberg, with the FRG as its cradle, has become the triumphant system of our century. It has been able to synthesize the interests of the white-collar workers and those of the capitalists with a social background. It can be said that this result also has to do with the development of American society. There too it is the social democratic spirit, the alliance between capital and labor, which predominates and is winning out.

In Lisbon, Vitor Constancio and his friends soon came to understand this phenomenon. They all came from a Marxist background, at least in terms of their studies and political interpretations, and they came to know each other within the PCP. Jorge Sampaio, Joao Cravinho, Antonio Guterres, Nuno Brederode, Arons de Carvalho and Jaime Gama can be regarded as the leading Portuguese experts on political matters in the leftist sector. That is to say they know the left wing better than anyone, and they know what the PCP is worth and what is happening within it. On the other hand, since all of them are very intelligent, they will have realized that it will be difficult to defeat Cavaco Silva in the coming years. In other words, the PS knows that it can no longer grow toward the right. The right-wing faction which might be of interest to it now is that closely linked with the PSD. In the coming elections, the PS can only expand toward the left. It absorbed what it could absorb from the PRD in the last elections. The remaining target is the redoubts of the PCP. Constancio and the political leaders of his party are seeking to reduce the PCP to 4 percent, winning for their party the votes previously cast for the charismatic Dr Alvaro Cunhal. Perhaps this explains Torres Couto's motive in encouraging and sponsoring the alliance between the PS and the PCP on the banking issue. The PS needs to divest itself of its prejudices against the PCP, evidencing cooperation which does not involve any compromise on the leadership level but

shows real rapprochement on the base level. We will witness still further agreements between the PS and the PCP up until the elections, and throughout the whole period until the date of the legislative balloting. Winds favorable to the PS are blowing on this issue, and its strategists will not be unhappy with the results achieved.

The PSD needs to understand this reality. The means of counterbalancing it will be to emphasize its social democratic policy and to free itself from those who are compromising its image as a serious and honest party. The favoritism shown among individuals must end. Cavaco Silva needs to improve his image and to seek only the good of the country, which has little to do with personal or party solutions. We know of specific cases in which friendships between ministers and other individuals have put these people in office and kept them in posts for which they have neither the training, nor the capacity, nor the aptitude. One day we will take up this

matter. In this way, the government runs the risk of compromising its future and emerging in the eyes of the public as a party with all the weaknesses of the other parties. Nothing could be more ominous. The public is seeing what is happening and is reacting against it. The public understands what is happening and is criticizing. Rallying around it those who are unhappy for these and other reasons, and skillfully winning votes away from the PCP, the Socialist Party is preparing to win power. It is not that power for its own sake should be the goal of men and parties, but parties exist in order to lead. The PS is calmly pursuing the tactics designed to serve its strategy. Its rapprochement with the PCP on situational but not institutional issues is without a doubt an intelligent tactic. In the near future, we will see many alliances between the PS and the PCP in the widest variety of sectors.

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EUROPEAN AFFAIRS

EFA Fiscal, Management, Contractor Developments Updated

36200126 Bonn WEHRTECHNIK in German
May 88 pp 24-31

[Article by Wolfgang Flume: "The Jaeger 90"]

[Text] It is a common occurrence today that it is not so much the performance capability or the technical capacities of a new weapon system that are up for discussion—rather, general interest centers upon the prospective cost, and occasionally even the justification for a new development. Wouldn't the predecessor model be adequate for a little while longer, possibly with enhanced combat effectiveness? Or, in a climate of general disarmament philosophies, does the Bundeswehr really need a new fighter aircraft?

No one suggests any more that the present model, which is to be replaced by the Jaeger 90 (or, since it is a multilateral program, the EFA—European Fighter Aircraft), be continued in the inventory, far beyond the year 2000. The F-4F, used by the Luftwaffe since the 1970's as a fighter and fighter-bomber, was designed in the 1950's. Though improved and with an enhanced combat effectiveness planned for the early 1990's (new radar, standoff guided missiles), it no longer measures up aerodynamically to the very modern combat aircraft of the USSR. The Warsaw Pact does not need 25 years' lead time to put a new aircraft into service.

This alone is reason enough for a requirement to develop a design for the late 1990's which would be capable of performing threat-compatible fighter missions for at least 25 years. But this cannot be done with a design which itself is a combat effectiveness upgrade of an older aircraft: the F-18 Hornet. Even assuming that the Americans had absorbed a considerable share of the development costs (which in turn would have meant less work for the European aircraft industry), a Super Hornet 2000 Plus, or whatever futuristic label might be applied to the design, would in the final analysis be no cheaper than a new design, because this U.S. aircraft has little upgrading potential left, and, in some of its components, none. As a result, the Europeans would once again have to think about a new development around the year 2000. The Jaeger 90 is different: there the upgrading potential is an integral part of the advance planning; only a fraction of its computer capacity is being used, for example. Detailed studies have shown also that there is no alternative to the EFA with regard to fleet effectiveness (performance capability of a fleet of fighter aircraft).

Also, you cannot run all over the place demanding closer European arms cooperation, and then suddenly, for whatever reason, get out of the program. Our allies consider us a vacillating partner for good reason, and the foreign air forces look with dismay upon the battles which the Luftwaffe is forced to fight, especially in the

parliamentary area, before a program is approved. Those who believe that the talk about disarmament is tantamount to disarmament as a fait accompli, and who, therefore, are immediately prepared to do without a new fighter aircraft, should be told that the new fighter would have an arms control verification mission as well. Luftwaffe Chief of Staff Lt Gen Horst Jungkurth recently declared in a press interview, in connection with arms inspection negotiations in the conventional area: "The emphasis here is on the ground forces, because they are the only ones which can invade and occupy territory. Air forces per se have no invasion capability in the sense of taking and defending territory; but they have excellent means of securing disarmament options and to serve as a stabilizing element in transitional phases:

1. Air forces can contribute to the supervision and verification of disarmament agreements by virtue of their reconnaissance capabilities. Strategic reconnaissance maintains the warning lead time necessary for friendly defensive measures.
2. A strong, operationally ready, integrated air defense affords protection against surprise attacks by enemy aggressive air forces and maintains the friendly counter-strike potential. This would be the main area of significance for arms control missions by the Jaeger 90.
3. Air attack forces, with their capability of forming wide ranging massed concentrations have counterstrike capability, which is needed for deterrence and for maintaining a secure defensive capability.

Overall, the arms control negotiations for the reduction of threatening conventional disparities, which are more urgent than ever since the signing of the INF Treaty, will impart greater importance to air forces in their roles of deterrence and overall defense. Air forces can contribute to the arms reduction process by providing deterrence and defensive capability with their resources. They are, therefore, one of the pillars of arms control and arms reduction."

In view of the foregoing, there really is nothing unusual in the fact that the SPD approved the Jaeger 90 in its "Position Paper on Armed Forces, Personnel, Arms and Financial Planning of the Bundeswehr," because it "is compatible with structural non-aggressive capability." There is, however, the condition that it be fully dedicated to fighter operations—not for air/ground missions. And that is what it is, in fact; the German side was able to prevail in the negotiations on this point, especially against the British and the Spaniards, who would have preferred the dual mission capability. The Jaeger 90 is unequivocally primarily an all-weather weapons system, to include attacking helicopters and standing off intruders. From that standpoint, at least some of the SPD members of parliament in the committees should vote in favor of the Jaeger 90—if they did not have some doubts about the means of financing this Luftwaffe system project, the biggest since the Tornado.

Work/Cost Distribution for Aircraft Structure/Equipment Development

<u>Germany--33 Percent</u>	<u>Great Britain--33 Percent</u>	<u>Italy--21 Percent</u>	<u>Spain--13 Percent</u>
Flight Control*	Electrical systems	Test systems*	Structural technology*
Electronic Defense	Fuel system	Auxiliary propulsion	Air conditioning
Fire Control	Cockpit systems	Fuel system test	Manufacture of
Structural Testing	Avionics*	Manufacture of the	half the right wings
Camouflage	Electromagnetic	left wings and half	and half of the
Hydraulics	compatibility and	of the aircraft rear	aircraft rear
Landing Gear	lightning protection	portion (PT)	portion (PT)
Gun	Manufacture of the front	Final assembly of the	Final assembly of the
Manufacture of the	section of the aircraft	Italian aircraft (PT)	Spanish aircraft (PT)
center portion of	including cockpit, slats		
the fuselage and	and half of the right		
horizontal control	wings (PT)		
surfaces (Prototype PT)	Final assembly of the		
Final assembly of	British aircraft (PT)		
German aircraft (PT)			

*Integrated High-Technology Teams

Development Costs

The 1988 Bundeswehr Plan provides for the following expenditures by Germany for the Jaeger 90: DM6.72 billion for development and DM20.8 billion for procurement.

In several rounds of negotiations between government and industry—not only on the German side, since this is an international program—development costs were reduced primarily, not only by genuine economy measures, but also by proper allocation of expenditures. In this manner, the German share, amounting to DM6.7 billion, was reduced as follows:

—DM180 million, already spent in 1987, mainly for efforts properly belonging to the development phase, especially for anticipated component developments. This is added to about DM635 million which had been spent for the German Jaeger 90 project until the end of 1986.

—DM261 million, by reducing the industry's risk surcharge by 4 percent (the risk surcharge presently amounts to roughly 10 percent, which cannot be considered excessive in view of mostly maximum pricing for a development which will go on for 12 years until 1999.

—DM216 million in actual cuts, such as the temporary elimination of the development of linkless ammunition for the fixed gun; cancellation of the Fire/Flight Control System (FFCS); (the linkage of fire control and flight control); also, by management simplification for the

Eurofighter and Eurojet (about DM90 million); short-cuts in attaining logistic readiness and reduction of engine testing hours from 4,000 to 3,500.

—DM150 million by proper allocation of efforts to the procurement phase.

—DM95 million by using the modified PAH-2 procedure, in which the Federal Government pays 96 percent of the maximum price, with the remaining 4 percent split evenly between government and industry.

—Adding a few million DM for changes etc, the new German share of the development costs amount to DM5.85 billion at December 1987 price levels. These developments are also incorporated in the development budget of the 1989 Bundeswehr Plan.

Costs are of course adjusted for inflation every year.

Development costs are audited using parametric and analytical methods and have been compared with actual costs of the Tornado development. Inasmuch as industry accepted maximum prices for 86 percent of aircraft and 95 percent of engine development costs (i.e., cost reimbursement with a price cap); it can be assumed that the above development costs will not be exceeded. The opposite is more likely, because during development the maximum prices, after being audited, are to become firm prices, which are usually lower than the maximum price; this is to be done in packages. The primary objective, of the industry side as well, is to arrive as quickly as

possible at fixed prices, because thereafter the government can no longer "interfere." But even maximum prices require great discipline on the part of both government and industry and avoidance of technical changes, etc.

What if the maximum prices are exceeded after all? In that case industry is liable for the overrun for up to 75 percent of its calculated profit. If this is assumed to be 5 percent (contained in the maximum price), that would amount to 3.75 percent. When adding to this the 2 percent charged to industry when 96 percent of the maximum price is exceeded, industry is then responsible for a total of 5.75 percent—thereby failing to earn its calculated profit. Industry has accepted this—probably trusting that it is a reliable calculation. Inasmuch as the equipment manufacturers have not yet been selected, no maximum prices can of course be set here, but rather "pegged" or "budgetary" prices. For the entire aircraft development, 63 percent are maximum prices to date, 26 percent pegged and 11 percent budgetary prices.

Development costs of DM5.85 billion will start coming due in 1988, but not in equal increments. The 1988 installment, for instance, will be DM350 million. There still is a certain discrepancy between the annual financial plans (and therefore, expenditures) on the government side and the need for funds on the industry side—a need which is greatest just prior to the first flight of the prototype. The state on the other hand would prefer to see a more constant cash flow.

What will the DM5.85 billion be spent on?

—About DM2.5 billion will go for the development of the aircraft, including testing and management costs of the Eurofighter firm.

—About DM2.2 billion will be needed for engine development, including the costs of Eurojet GmbH.

—About DM1 billion will be the cost for equipment, including value-added-tax. Added to this will be some expenses, such as the participation of the DFVLR and the IABG. Roughly 44 percent will go for the development of the airframe, 18 percent for equipment and 38 percent for the propulsion system. Added to this are the expenses of the EFA agency NEFMA (NATO European Fighter Management Agency), amounting to about DM15 million annually, which comes from another section in Detail Plan 14. Based on the German share of development costs of 33 percent, these costs can be multiplied by three, showing the total development cost of the EFA to be about DM17 billion.

Series Production Costs

The upper cost limit for Jaeger 90 procurement was set at DM16.5 billion, rather than the previous figure of DM20.8 billion. The first disbursements for series production will commence in 1990; the largest annual expenditures of about DM2.5 billion will probably start about 1998.

The reduction in procurement costs does of course mean that fewer aircraft can be procured—only 200 instead of the planned 250, which the Luftwaffe still needs and which number was assumed to serve as the basis for the distribution of development costs. Two hundred Jaeger 90's are the operational minimum needed to equip four fighter wings with two 18-aircraft squadrons each. This of course also reduces the attrition reserve and also the number of aircraft available for training purposes. The option for an additional 50 aircraft is, therefore, being maintained.

These procurement costs then give the following cost figures for each Jaeger 90:

—about DM42 million fly-away price;

—about DM60 million unit cost (including series production preparatory costs);

—about DM83 million equipment system cost (including spare parts, etc).

According to today's calculations then, we are relatively close to the original objective of having a Jaeger 90 price be only about 75 percent of that of a Tornado—the unit cost of a Tornado amounts to more than DM100 million these days.

However, the operating costs are of great importance—and no figures are available on those as yet. Government and industry are both very much interested in them. The fact that they will be considerably lower than those of the Tornado is obvious because of the one-person crew, the maintenance-friendly design and a long-life, low consumption propulsion system.

"In addition, the development and manufacture of a European aircraft has decisive significance for the continuing existence of the German and European aerospace industry...high-technology gains deriving from this development will provide a significant boost to the competitiveness of German enterprises in the international market," says a press release from the Defense Ministry on the occasion of the signing of the MTWF [military technological economical requirements] by State Secretary Professor Dr Timmermann. This provides some insight into the significance of the Jaeger 90 project for industry. Added to this are alliance policy aspects (standardization prominent among them), and also the competitiveness of the Airbus family will be partially supported by an EFA development program. Finally, we might mention that tax revenues generated thereby are considerable. Industry estimates it at 43 to 59 percent, with such direct taxes as 6 to 13 percent in income taxes, 14 percent value-added-tax, 5 to 6 percent profit tax, 2 percent other taxes and 15 to 18 percent social security. Indirect tax revenues can be estimated at 3 to 8 percent from subcontractors, employee purchases, etc.

According to these calculations then, Minister Stoltenberg should get back about DM2.5-3.3 billion by 1998!

The Aircraft

The history of the Jaeger 90, in its current incarnation as the German-British-Italian-Spanish EFA Program, is a long one and has been described in WEHRTECHNIK on several occasions. The original project name was Tactical Combat Aircraft, which was changed to Fighter Aircraft 90 (JF 90) by the then new Luftwaffe Chief of Staff, Lt Gen Eberhard Eimler, to indicate a fresh start, which included primarily the project's dedication to an air-to-air role. The German Tactical requirement was issued on 18 October 1984; the ESR (European Staff Requirement) in 1985; the ESR-D for development on 18 September 1987 and on 3 March 1988 the last presumable (national) event occurred: the signing of the MTWF to inaugurate the development phase.

The Jaeger 90 is a single-seater, twin-engine aircraft for aerial long-distance and close combat (with the air-to-air guided missiles AMRAAM and ASRAAM) in the supersonic and subsonic areas. The aircraft is designed for 6,000 flying hours, i.e., about a 25-year service life. According to firm air forces specifications for limiting procurement costs, which depend on weight, the Jaeger has an empty weight of 9500 +/- 250 kg as a "target weight;" the standard fly-away weight probably amounts to about 15-16 tons. Its length is barely 15 meters, the wing surface (also specified) is 50 m². With the two Eurojet EJ200 engines, which are also new developments, the aircraft has an afterburner thrust of 180 kN [kilonewton], i.e., with nominal takeoff weight a thrust/weight ratio of about 1.1:1. Thirteen external load stations are available for weapons and/or auxiliary fuel tanks (two under the wings, one below the fuselage). A typical weapon load would be six AMRAAM (four on the fuselage, i.e., "conformal") and two ASRAAM. Always attached to the wing tips are two EW containers, which contain major portions of the integrated electronic defense system DASS (Defensive Aid Subsystem). During the past year there has been a change in the air intake—from a rectangular to a more round shape. The reason for this is to further reduce radar reflectivity, i.e., the detectability of the aircraft. Any sharp corners must be avoided for this purpose.

A large part of the aircraft structure and surface consists of carbon fiber elements and GFK [fiberglass-reinforced plastic] to save weight. Aluminum-lithium is used also. However, this material still has problems—the panels cannot be produced in sufficient thickness as yet, which may make it necessary to use aluminum in some areas, which is 13 percent heavier; this would of course have a negative impact upon fuselage weight. Attention was paid to the possibility of using most of the Tornado production machine tools for the EFA manufacture, perhaps with some necessary modifications; this will help reduce production line costs.

In view of the long lead time and the valuable experience gained in the Tornado program, much greater progress has been made at the start of the EFA development phase than was the case for the Tornado. Contributing to this were the delays from the government side, such as the time-consuming studies of possible alternatives. This reduces the risk and the cost and results in the ability to negotiate the major part of the development at maximum prices.

Eight prototypes are to be built altogether (two of them two-seaters): two in Germany, three in Great Britain, two in Italy and one in Spain. The rollout of the first prototype is to take place in Manching in late 1990, the first flight about the middle of 1991. The prototypes are to fly a total of 4,000 hours; added to this will be about 800 test hours with the first production models. The British would of course have liked to see the first EFA fly in Great Britain, since the Tornado's first flight had also taken place in Manching. Now the country is hoping to conduct the structural testing; but until now, the four nations have agreed that this will take place at the IABG. The first production models are to be delivered to the Italians in 1996; the Luftwaffe is to receive the first Jaeger 90's with the second lot in 1997. The monthly production rate will probably be lower than it was for the Tornado due to the lower number of units (about 700); for the Tornado it reached a maximum of nine. This matches industry's intentions, as it wishes to keep its production capacity going for as long as possible.

The first two prototypes will not be equipped with the EJ200 engine but, according to industry's proposal which has not yet been approved by government, with the RB199Mk104D (without thrust reverser) or with the General Electric F404, which, in view of its performance, would probably be better suited.

Total proposed allocation is 250 aircraft each for Germany and Great Britain; 160 for Italy and 100 for Spain. As is the custom in modern international programs, this determines the ratio in which the nations participate in the development: Germany and Great Britain 33 percent each, Italy 21 percent, Spain 13 percent. This division of labor applies qualitatively and quantitatively to the areas of system assignment, general equipment, avionics and propulsion—the series production allocation will depend upon the numbers of units to be procured.

Table indicates the individual task packages. For the four work tasks—Flight control (contractor: MBB/Dornier),—Avionics (British Aerospace),—Utility Control System (testsystems) (Aeritalia),—Structure (CASA), so-called integrated high-technology teams were established, in which all four partners are represented under the leadership of one firm.

On the industry side, the program is managed by Munich's Eurofighter Jagdflugzeug GmbH, which was founded by the four firms. After the signing of the Memorandum of Understanding, this corporation will

receive the industry contract for developing the aircraft and the equipment; Munich's Eurojet Turbo GmbH will sign the industry contract for the development of the propulsion system. On the German side, the Eurofighter firm in Ottobrunn for the aircraft has under it a national program team, consisting of MBB and Dornier personnel (23 percent share of the development). It contains about 30 people to direct national tasks for the weapon system firms (MBB and Dornier) and the equipment. The ESG firm participates with a share (20 to 25 percent) in avionics development tasks.

The German team is responsible for leadership within the integrated high-technology team on flight command and control. This is a technically involved task because of the aerodynamically unstable design of the aircraft, which has a quadruple-redundant, digital fly-by-wire navigation system. For this purpose, a total system test stand is being built and a modern simulator is used for manned flight tests. In addition, the German team is responsible for the following:

- preparation of the most important avionics subsystem, the attack/identifier system: fire control including radar, sensor linkage, computer and information systems for tactical support to the pilot. Used for this purpose are data bus systems, including the modern light wave conductor data buses according to STANAG [Standardization Agreement] 3910.

- preparation of the DASS electronic defense system;

- preparation of the landing gear and hydraulic system;

- the gun system including ammunition feed.

The following items fall under the construction and manufacturing technology: provide carbon fiber compound primary structures; superplastic forming and diffusion welding of titanium and aluminum-lithium, as well as the development and construction of radar-transparent or absorbent components.

In Germany about 5,000 high-grade jobs are likely to be maintained and/or created for the development of the Jaeger 90 (about 1,300 of them at MBB); in series production, this may amount to some 20,000.

The selection of equipment contractors should be essentially completed by late 1988—in this, the weapon system firms hope to be able to proceed more quickly than was the case for the Tornado. Only one contractor has been firmly identified so far: BASF will furnish the carbon fiber and synthetic matrix materials for all prototypes. The selection of Mauser is probably fairly certain for the 27 mm fixed gun. Invitations to bid are issued by Eurofighter, but partly also by the national weapon system firms for areas in which they have development responsibility. Inasmuch as in the evaluation of bidders positive consideration is given to work sharing, in addition to technology, cost, etc, those firms

have a better chance of success which immediately come out with joint venture proposals. Equipment contracts are to be awarded at fixed price wherever possible.

Among the equipment components, particular attention is of course being given to radar, which will be needed for flight testing from 1994 on. Two (actually four) proposals have been made:

- AEG is offering, jointly with Marconi, FIAR and INISEL, the MSD (Multimode Silent Digital), a derivative of the Hughes APG-65 Radar;

- Ferranti, with FIAR and INISEL offers the ECR-90, which is based on the technology of the SEA HARRIER's BLUE VIXEN radar.

Both firms are offering so-called "full complaint" solutions, which meet all air force specifications, as well as so-called "non-complaint" alternatives, which fulfill only the essential performance features. Depending upon the system proposed, cost may vary from DM700-1,000 million. Inasmuch as the AEG proposals are based on U.S. radars, the United States would have to agree to a technology transfer. Preliminary promises indicate that this agreement might be granted.

9273/12913

DENMARK

Women Given Full Equality in Forces Except for Pilot Role

36130060 Copenhagen *BERLINGSKE TIDENDE*
in Danish 5 May 88 p 9

[Article by Nils Eric Boesgaard: "Armed Forces Now Implementing Full Equality"; first paragraph is *BERLINGSKE TIDENDE* introduction]

[Text] Full equality is now being implemented in the Armed Forces. The only exception is that women can still not become jet pilots. In fact, scientific studies are not yet complete of the reaction of women's bodies to the effects of long-term acceleration.

Full equality of men and women is now being implemented in the Armed Forces. The decision was made by Defense Minister Bernt Johan Collet based on experiences from all three military branches in which, on an experimental basis, women were trained for assignment to combat units.

There are women in the armed forces of most countries, but they are used only to a very limited extent in battle troops. Even in Israel they are removed from fighting units in actual tension situations to do other duties.

The only job in the Danish Armed Forces which can still not be taken by a woman is work as an F-16 pilot.

"We still don't know enough about how a woman's body reacts to the effects of long-term acceleration," the defense minister said. He went on to emphasize that Denmark has been in the forefront of efforts to lay the best possible scientific and medical basis for using women as fighter pilots—and we are joining in to initiate and advance those studies which remain to be done.

NATO Experts Researching

At present Denmark occupies the chairman's role in a special NATO group of aeronautical medical experts working on the problem. The group's deliberations will not just be of a theoretical nature but will also include more research into men's and women's reactions to the effects of rapid or long-term acceleration, the so-called G-effect, using, among other methods, actual tests with centrifuges.

Defense Minister Collet further emphasized that the requirements for entry and training in the Armed Forces will continue to be the same for both men and women.

"We can't compromise with respect to our units' preparedness and fighting efficiency," the minister added.

12789/12232

FINLAND

Armed Forces Commander on Impact of Latest Arms Pact Moves

36170064 *Helsinki HELSINGIN SANOMAT in Finnish 8 May 88 p 12*

[Article by Jaakko Valtanen]

[Text]The Commander of the Defense Forces, General Jaakko Valtanen, rejects the estimates according to which the disarmament taking place in Central Europe would directly increase the number of Cruise missiles armed with nuclear warheads in the Nordic countries.

Valtanen took part in the debate on the the US-USSR disarmament agreement at the annual meeting of the Defensive Forces College on Monday.

"Sometimes one hears it suggested that as a result of the disarmament, arms systems would increase on the periphery of Europe. There is, however, no reason to suppose that the disarmament taking place in Central Europe would automatically increase the number of Cruise missiles equipped with nuclear warheads, especially in the Nordic countries."

Valtanen did remind us, however, that the interest of the great powers in the Nordic countries has been continuously increasing. "When we are aware of the many ways in which both the USSR and the US have increased their

military capability in the Arctic areas, naturally there is some degree of concern over the possibility of armed conflicts in those areas," opined Valtanen.

"Finland cannot remain unconcerned about the military-political development of the area," according to Valtanen. The present situation indicates at least sufficient interest to make one think.

Finland judged already 20 years ago that Lapland, in a crisis situation, would be a threatened area and decided to beef up its defenses. The same judgement, according to Valtanen, can be made today also, but now the threats can no longer be evaluated on the basis of the physical location of the opposing forces or their military installations.

Commander Valtanen recounted that the naval forces of both great powers are presently deploying long-range Cruise missiles armed with nuclear warheads. Valtanen predicted that the Soviet Northern Fleet would be getting these missiles. The US naval forces have already deployed several thousands of Cruise missiles aboard their surface battle ships and submarines.

"It should be clear that a very large portion of the weapons systems has been reserved for use in the northern Arctic areas," Valtanen opined.

Natural Resources Attract

In his presentation Valtanen discussed broadly the situation of the northern maritime regions. According to him the natural resources of the northern regions are enticing the maritime nations to enlarge their range over the sea areas. A developed arms technology also provides the possibility of operating in icy regions.

As the military interest increases states have concentrated their air and sea forces in the area and, in order to safeguard their operations, have built land bases. Valtanen remarked that the USSR has its only around the year ice-free ports on the Kola Peninsula.

"The safeguarding of its naval forces and their access to the northern waters are vital security advantages for the USSR. They are an important foundation for the country's naval strategy and for maintaining its naval forces during times of both war and peace."

On the NATO side an early warning network has been built and units extended as far as the Barents sea. If the USSR were to expand its submarine operations under the Arctic ice up to Canada, NATO would comparably strive to extend its submarine surveillance at the nearby ports on the Barents Sea since spotting them is nearly impossible under the Arctic ice. Canada, on the other hand, is known to be developing its submarine spotting capability under both water and ice.

Valtanen surmised that the USSR has, precisely for geographic reasons, highly developed the strategic ability of its submarines to function under ice. Their newest submarines are estimated to be able to rise even through several meters of ice in order to assume a firing position.

"All submarines under production in the USSR have the capability to function in the Arctic areas," Valtanen opined. About half of the crews of new US submarines have received experience under Arctic conditions.

12989

Air Force Chief Comments on Pilot Applications to Finnair

50 Fliers Submit Applications

36170062 Helsinki HELSINGIN SANOMAT in Finnish 5 May 88 p 18

[Text] About 50 Air Force pilots have submitted applications for the Finnair pilot course beginning in August, by means of which the firm is attempting to remedy its pilot shortage. An unwritten gentlemen's agreement has existed between the Air Force and Finnair, which has been used to control a mass transfer of military pilots into civilian ranks.

Finnair recalled that for about 10 years no comparable flood of applicants from the military has taken place.

Air Force Chief, Staff Colonel Heikki Nikunen, tells us that the matter was not brought up in any way through official channels and therefore the departure plans of the 50 pilots was a surprise.

Nikunen also does not know from which segments of the Air Force the applications are coming. According to the Colonel, the reasons for wanting to leave are "primarily economic;" civilian pay is better.

Military pilots are especially dissatisfied with their flight bonuses. In other quarters it has been thought that the mass of applications is a protest against military pay policy.

According to Nikunen, Air Force pilots have certain "ties and sanctions with the defense forces, but no explicit holds or barriers exist." During his training the pilot commits himself to at least a 10-year stint, and those who leave earlier have to pay compensation for their training.

"At its maximum the compensation could reach up to 100,000 markkas," Nikunen recalls.

If all the fifty Finnair applicants leave, it would be "really a severe blow" to the Air Force, according to Nikunen.

The Air Force and Finnair plan to discuss the matter still during this weekend.

Finnair Cites Voluntary Agreement

36170062 Helsinki HELSINGIN SANOMAT in Finnish 6 May 88 p 12

[Text] Finnair does not want to test the Air Force pilots who wish to join their service.

During the negotiations between Finnair and the Air Force leadership an unofficial decision was reached whereby the state company will continue to recruit its pilots from elsewhere. About 50 pilots from all over the country had applied to enter the flight course arranged by Finnair. The flood of applications was caused primarily by the pilots' dissatisfaction with their own salaries.

When the pilots joined the Air Force service they signed an agreement to remain in the service for 10.5 years. Anyone who breached the contract had to pay back to the state the sum of 100,000 markkas as compensation for the expenses the state had expended on his training.

In practice the designated time was to run out only after the pilots would have been too old to be accepted into Finnair service. Now Finnair is experimenting for the first time with training the more experienced applicants as commercial pilots.

An agreement had been reached earlier during the 1970's between the former chief director of Finnair, Gunnar Korhonen and the Air Force Commander, Rauno Merio, that Finnair would not acquire its pilots from the Air Force.

Commander: Air Force Won't Interfere

36170062 Helsinki HELSINGIN SANOMAT in Finnish 7 May 88 p 7

[Text] According to Air Force Commander, Major General Pertti Jokinen, the leadership of the Air Force took no action in the handling of the August applications for the Finnair course. Jokinen emphasizes that nothing stops the military pilots from seeking Finnair employment if they so wish.

According to Jokinen the Air Force cannot and does not want to interfere with the pilots' career choices. He reminds us, however, that a military pilot's training has cost about 10 million markkas.

If a pilot leaves the Air Force to become a commercial pilot at the time when his actual military pilot's career should be just beginning, one could ask, according to Jokinen, what is right.

A large part of the Air Force training money goes toward the teaching about new weapons systems. Expensive training is mostly wasted if the man transfers elsewhere soon after receiving it, says Jokinen.

The Air Force Commander demands that high level decision-makers take a stand according to what is a economically sensible and proper use of common national resources.

According to Jokinen the ten years of service commitment demanded of its pilots by the Air Force is not excessive. The breaking of the contract will cost the person receiving fighter pilot training at least 100,000 markkas, according to Jokinen.

Age Limit Raised

Jokinen considers noteworthy the raising of the age limit for the Finnair course. The age limit for the upcoming course had been raised from 26 to "about 30 years." The Air force Commander considers it at least a mild form of fishing for the military pilots.

The Air Force pilot training begins usually at the age of 23, and after the 10 plus years of service ends in the mid-thirties.

The transfer of 10 pilots to Finnair, for example, would mean the loss of one year's work for the Air Force. In question would be the loss of approximately one age grade. When one remembers that during the next decade the Air Force will be faced with great materiel and training challenges, we should, on the contrary, be amassing reserves, Jokinen reminds us.

According the the chief director of Finnair, Urpo Koskela, no special effort was made to recruit Air Force personnel to the newest course.

When there is advertising in the newspaper we can not stop the Air Force pilots from seeing it. I don't think we should be blamed for the interest in the Air Force for transferring into Finnair service, says Koskela.

12898

SWEDEN

Newspapers, Forces Commander on Budget 'Crisis' Implications

Newspaper Supports Bildt Proposal
36500107 Stockholm SVENSKA DAGBLADET
in Swedish 15 Apr 88 p 2

[Text] Disarmament agreements between the superpowers do not necessarily mean a brighter security picture for Northern Europe. If the United States and the Soviet Union agree to reduce their strategic arsenals, then mathematical logic dictates that the remaining units will be that much more important.

If one has only 15 missile-carrying nuclear submarines instead of 60, as in the past, then security surrounding the system must be expanded. When the Soviet Union

bases its most powerful nuclear submarines only a few kilometers from the Norwegian border, no one should automatically assume that what is seen as an international reduction in tension reduces the importance of control over Nordic territories.

This thought-provoking line of reasoning was in the mind of the Conservative Party leader, Carl Bildt, on Thursday when he spoke at the Military Institute in Stockholm. For this reason a possible new disarmament agreement between Reagan and Gorbachev cannot be used as a justification for reducing the military side of our neutrality policy.

In the midst of all the euphoria over the as yet unrealized Soviet withdrawal from Afghanistan, we must not lose sight of the historic fact that the invasion, which took place in 1979, occurred only 6 months after the presidents of the superpowers signed the SALT-II agreement. As we know, that agreement also affected strategic arms.

Now we see, from bitter experience, that regardless of events elsewhere in the world, the Swedish military has undergone a disarmament process in recent decades. In his speech, the Conservative leader also emphasized the new defense crisis that has so obviously arisen just 1 year after implementation of the current defense resolution.

As Bildt pointed out, the very foundation of this resolution is already beginning to crack. In all probability, army combat forces will be reduced drastically after the study now being conducted by the military is complete. Large numbers of inductees will receive only a few months of emergency training for limited assignments. The goal is to invest resources in a much needed materiel renovation of the Army. Nevertheless, it is still unclear whether our aging tanks can be replaced.

Our proud and powerful post-war Air Force is in danger of undergoing continued reductions. Large parts of the JAS program are in jeopardy.

In regard to the Navy, sections of the Karlskronavarvet shipyard may have to be shut down due to a lack of orders. After all, there will be no new coastal corvettes. This will also undermine our domestic capacity to build surface attack vessels in the future. There has been no word concerning additional funding for submarine defenses.

In this situation, Carl Bildt wants the next defense resolution to come at an earlier than scheduled date, in order to get a grip on all these problems. He believes that 1990 would be a suitable time to reach a new framework agreement that would cover 6 years. In general, the Conservative leader would like to see 6-year defense resolutions in the future.

This conclusion is not totally unobjectionable. To be sure, planning needs speak in favor of his proposal, but the very experience Bildt points to indicates that the

opposite is true. The current defense resolution came apart immediately and the previous one in 1982 had to be complemented by a four-party agreement in March 1984. Long-term resolutions require far-sighted and consistent politicians who are prepared to make their ambitions become reality. This prerequisite is clearly missing in Swedish politics.

Forces Commander Cites Imbalance

36500107 Stockholm DAGENS NYHETER in Swedish
16 Apr 88 p 12

[Text] Parliament should make its next defense resolution before 1992. The politicians must take a position on the future of the military as soon as possible.

Supreme Commander Bengt Gustafsson wrote this in his final comments on the Defense Study, FU 88.

The commander paints a bleak picture of the future of the military and presents two alternatives—either more money or different assignments.

With current defense appropriations, it will be impossible during the 1990's for the military to carry out all the tasks assigned to it by the politicians, Bengt Gustafsson wrote.

Less Ambitious

The imbalance between resources and assignments will become more and more clear during the next few years. It will be impossible, the commander warned, to defend Sweden in the present manner—to meet, stop, and defeat the enemy at an early stage in border and coastal regions, while still being able to conduct a prolonged and persistent battle.

“Eventually, we will be forced to choose a method that is less ambitious. Either we will try to defeat the enemy quickly, or we will choose to conduct a prolonged defense within the country,” Bengt Gustafsson wrote.

According to the commander, this choice of direction is of fundamental importance and no other direction is as good as the present principle. The choice must be made by the politicians and, consequently, the commander wants the next 5-year defense resolution now scheduled for 1992 to be made earlier.

According to the commander, 20 army brigades will be needed to maintain the present operative principles.

The territorial defense should include 175,000 men and the security forces 100,000 men.

Liberal Newspaper On Cuts

36500107 Stockholm DAGENS NYHETER in Swedish
17 Apr 88 p 2

[Editorial: “Shortcomings in the Military”]

[Text] There are only two possibilities for the military—either resources will be increased, or the military's tasks will be changed. This is how poignantly Supreme Commander Bengt Gustafsson expressed himself in his final comments on Defense Study 88, which will now be discussed within the military and then submitted to the government next fall.

The commander explained that the 15 brigades that, according to the army chief, would remain after a necessary restructuring and modernization would not be enough both to hand an aggressor an early defeat and, if necessary, to carry on a prolonged struggle. As a result, he is calling for 20 army brigades and, in addition, a further expansion of territorial defenses to include 175,000 men. At the same time, the army chief estimates that present resources are sufficient only for forces of 120,000-130,000 men.

In the Air Force, as well, the question of resources has come up since it was discovered that weapons systems for the new JAS aircraft would be about 2 billion kronor more expensive than previously estimated. The joint effort between Swedish and British industry that was intended to produce a radar-guided missile for the JAS is now in danger of coming to naught. Instead, the Air Force is being told to use an as yet uncertain import or, in the worst case, to do without weapons that would make the JAS as effective as it was intended to be.

At the same time, talks among the party leaders on additional funding for antisubmarine measures seem to be moving extremely slowly. The government, which wants to withhold resources, is against the nonsocialist parties, which are calling for an additional 600 million kronor per year. Nevertheless, there is still a chance that the Social Democrats will reach an agreement with the Liberal Party and the Center Party on a level somewhere in this vicinity.

It is unlikely, however, that the Conservatives would participate in an agreement of this type. When Carl Bildt spoke to the Military Institute recently, he advocated more funding for practically every area of the military that has come up for debate. In fact, the Conservative leader goes a step further than the supreme commander, since he generally opposes cuts in the Army in southern and central Sweden. The commander, on the other hand, believes that six of the present brigades can be eliminated and that as many as eleven peacetime units can be shut down over the next decade.

Even a resolution of this type will require a measure of political courage. But the military must be made more effective if additional funding is to be meaningful. Carl

Bildt would like to make it sound like the shortcomings in the military would have been fewer if the Conservatives had been in power, but when it comes to the Army, they have been at least as unprepared as the other parties.

Officers Association Issues Statement

36500107 Stockholm SVENSKA DAGBLADET
in Swedish 18 Apr 88 p 6

[Article: "Officers Protest Reduced Military Budget"]

[Text] "For a long time now we have seen the defense of our country put at risk. Reserve officers from the entire country demand that the necessary effort be made to stop the erosion," TT [TIDNINGARNAS TELEGRAMBYRA] wrote.

This was said in a statement approved at the association's annual conference on Sunday.

09336

Conservative MP Claims Army Chief Underestimates Needs

36500110a Stockholm SVENSKA DAGBLADET in Swedish 21 Apr 88 p 5

[Guest commentary by Bjorn Korlof: "Army Chief Proposal Leads to Skewed Debate"; first paragraph is SVENSKA DAGBLADET introduction]

[Text] The Conservative MP, Bjorn Korlof, criticizes the army chief for having delivered to the Supreme Commander basic planning data which will lead to a skewed debate about the future of the Army. The army chief has based his report solely on the economic parameters in the Defense Resolution of 1987 and has not considered the requirements needed to fulfill the operative guidelines or the requirement for compulsory military service, according to Korlof. Three separate proposals, based on economic parameters, operative guidelines and preserved compulsory military service respectively, should have been delivered instead.

Less than a year ago, the parliament passed a defense resolution. Before a decision could be made about the Army's war organization, training system and requisition of materiel, etc., further basic data were needed. Therefore, merely temporary economic parameters were applied to the Army, as an emergency solution. The Supreme Commander is supposed to provide new basic data this fall, after which a parliamentary resolution will be passed in the spring of 1989.

The army chief has delivered his proposal for the long-term design of the Army. This proposal is now the object of an extensive debate.

The initial data given to the army chief by the Supreme Commander were 1) operative guidelines 2) compulsory military service and 3) extended economic parameters from the Defense Resolution of 1987.

Skewed Basic Data

The army chief's solution is utterly confounding. In all essentials, the proposal is based on the initial economic data alone. In other words, the proposal for the future structure of the Army is formulated as a consequence of a "guestimated" economic parameter in the Defense Resolution. The foundation for public debate and political decision is, therefore, totally erroneous.

What is very troubling about the debate now under way is the fact that the army chief's scenario has not been treated as a scenario within a given economic parameter, but as a proposal for solving all the problems of the Army. In part, this direction of the debate must be blamed on the army chief's arrangement and presentation of his solution. The future structure of the Army can obviously not be decided unilaterally within such loosely given economic parameters, but must be decided on the basis of its ability to support our foreign and security policy in a credible manner.

The direction of the defense stipulated by the authorities, which has been translated by the Supreme Commander into operative guidelines, implies that the entire country is to be defended. The main goal will consist of preventing an attacker from getting a foothold on Swedish territory whether on the coast or at the border. If the attacker still manages to enter the country, a tough and persistent overall defense is to be accomplished.

These tasks place a number of quantitative and qualitative demands on the Armed Forces, which the army chief on the whole has ignored.

Furthermore, in order to design the future army units, an estimate must be made of the future threats facing the units, which would place more specific demands on materiel, training and organization. Strangely enough, in this respect the army chief feels himself able to indicate a minimum level. How is this possible without an extensive evaluation based on the operative guidelines?

Three Solutions

In my opinion, the army chief, given his conditions, should have proposed three solutions.

A main proposal following the operative guidelines, where the compulsory military service and the economy are developed consistent with the operative requirements.

Another where the compulsory military service correspondingly is used as a foundation and the other two are varied.

And a third, using the current arrangement.

The entire debate is now based on the army chief's proposed solution. As a result, the operative solutions will not be guided by the objectives of the defensive forces within the framework of the security policy and the "threat picture," instead they will become makeshift solutions, because it is considered impossible to influence the economy. Both Skoglund and Waernulff are carrying on a debate in articles in the SVENSKA DAGBLADET about various operative solutions within the given economic parameters. Such a debate gives the uninitiated the impression that the Army can solve its problem if only there were sufficient belief in either solution.

It goes without saying that it is not the army chief but the Supreme Commander who is responsible for work on the operative war preparations, but the Supreme Commander did order the army chief to design an army according to the operative guidelines. The army chief now says that "there is a considerable risk that the operative goals for the invasion defense cannot be achieved." Well, what then is the realistic basis for judging when the operative goals can be achieved? Will that come later, as the yeast after the dough?

When I began my training as a reserve officer in 1966, Sweden had more than 30 brigades. Then the basic operative philosophy was that Sweden should be able to repel two simultaneous invasion attempts and still be able to maintain a defense and watch over the whole country. Now we have 20 modern and six older brigades. Now it is stated that we are concentrating on meeting, stopping and defeating but may be forced into delaying or obstructing without indication as to time or place.

Compulsory Military Service?

The army chief's proposal involves:

1. A Home Guard at the current extent, with about the same training as today although with better equipment.
2. Defense forces (organized, at the most, in platoons) of about 100,000 men for the defense of vital objectives with basic training for enlisted personnel of only 2 and ½ months. They are designed to be transferred to Civil Defense after about 10 years. Which means that the Army will lose about 170,000 men compared to now.
3. A territorial defense slimmed down from about 300,000 men to about 120,000 men, organized into companies and battalions better equipped than the local defense units of today. The units will not receive basic training, but will consist of draftees who are transferred after a completed tour of duty in the brigade units.
4. Operatively mobile field units, the nucleus of which consists of 15 brigades and attached divisional units. The brigades are to achieve a minimum quality for fighting the most modern units of an attacker. The draftees will receive basic training similar to today's.

Certain training courses for officers will be extended up to 17 months. An improved refresher course (shorter, more frequent exercises) will be assured.

What happened to the compulsory military service in this solution? What is meant by compulsory military service? Can it take any shape at all? Can the basic training vary between 2.5 and 17 months? Can the total selection over time vary between 10 years and 29 years? The army chief has not even tried to present a definition (or rather several) of what can reasonably be considered compulsory military service.

With defense forces of 10,000 men who are to remain in the organization for 10 years, i.e., until they are 30, and who are then to be transferred to the civilian total defense, his solution means a reduction of somewhat less than a third of the entire present Army. Of course, money is saved, it would be strange otherwise, but is this compulsory military service?

According to the proposal, the basic training can vary between 2.5 and 17 months. The shortest possible time will mean a setback of one school semester, the longest up to three semesters. It will probably be out of the question that those in the latter category would be willing to make this sacrifice without a very substantial economic compensation.

How much will actually be saved if the draftees with a long training period demand compensation equal to a civilian year of education or work? And if that happens, do we still have compulsory military service?

Coming to a Head

Is it reasonable to allow draftees with 2.5 months of basic training and with the objective of guarding and protecting vital defense objects to combat the attacker's specially trained commando forces? Those are the kind of forces that will be employed against these objects! The emergency economic solution of 1987 has already caused a catastrophic reduction in the Army's refresher courses, only a third of the exercises will be carried out during the period of 1987-1990. The lack of refresher exercises has caused the Army's draftees and reserve officers to lose faith in their ability to carry out their objectives in a war situation. How can it be retrieved? Or are all these units and draftees going to be thrown to the winds?

It must be obvious that the army chief's solution cannot fulfill the current operative principles, and it means that the matter of the compulsory military service will be coming to a head. Its consequences, as far as the defensive forces' support for the security policy and for the general defense are concerned, will be such that we have reached a point where all the warning bells should be ringing. The question is so powerful that a political and public rallying is required.

The army chief's arithmetic does not have the qualifications for becoming a unifying solution.

12339

FEDERAL REPUBLIC OF GERMANY

Unemployment, Economy in North, South Discussed

36200130 Duesseldorf WIRTSCHAFTSWOCHE
in German No 16, 15 Apr 88 p 43

[Article by Horst Siebert, Prof of Economics and International Economic Relations, Konstanz University: "An Exchange Rate Between Leer and Ludwigsburg"]

[Text] Of 100 employees who live in Leer, 25.3 are out of work. Leer is the labor-office district with the highest unemployment. In Ludwigsburg, the unemployment rate is only 4.7 percent, and in Goepingen, an even lower 3.9 percent. Meanwhile the difference between North and South has become so great that workers from East Friesland are commuting to Sindelfingen each week because they are unable to find work in the North. In other economic areas, the North and South are also developing in different directions. The North—including the Ruhr and Saar rivers—has old industries which manufacture such products as steel, coal and ships. As with agricultural products, the demand for these goods is shrinking. The South, on the other hand, is characterized by companies that manufacture new goods or, because of their medium-sized business structure, are able to adapt quickly to changing conditions in world markets. An example is Baden-Wuerttemberg's textile industry which, after undergoing a painful adaptation process, is today once again internationally competitive. Contrary to the South, the North has lost its ability to compete.

The discrepancy in the economic development between North and South would not be nearly as serious, if each had its own currency and if the exchange rate between a North-German Hansa Mark and a South-German Spaeth-Strauss currency could adjust itself freely.

For instance, if in such a scenario, the demand for the North's manufactures dropped, the North would show a trade deficit. In the short term, the North could cover this deficit by importing private capital, i.e., by going into debt. Revenue-sharing of the South that would favor the North might also help. However, once this type of financing has reached its limits, the value of the North-German Hansa Mark will decline. As a result of the devaluation, goods produced by the North become cheaper in terms of foreign currencies. For the North, this would compensate, at least in part, for the shrinking demand for its goods.

In addition, the devaluation would increase Northern prices (in Hansa Marks), since more goods would be exported and no longer be available in the North. Imports, on the other hand, would become more expensive. That means, with nominal wages being fixed, real wages would shrink. By the way, this is the prescription Sweden followed in recent years when it made nominal wage increases less painful by devaluing the real value of its currency. A devaluation of the North-German Hansa

Mark would mean a revaluation of the Spaeth-Strauss currency. As a result, the competitive position of the South would deteriorate, and the imbalance between North and South would tend gradually disappear.

But in the unitary monetary system of the FRG, there can be no devaluation between the North-German Hansa Mark and the South-German Spaeth-Strauss currency. The North must respond to a decline in the demand for its products by making other adjustments. If the product prices and wages in the North are rigid, the lower demand will ultimately lead to lower production, and that will start at a time when inventories are high. The adjustment is made via cuts in employment, i.e., by way of unemployment. Whatever adjustment would normally be accomplished through the exchange rate mechanism, will now lead to joblessness. If workers were completely mobile, they would immediately move south, and this would take care of the differences in unemployment. But we all know that we do not live in a society of campers. If wages in the North would not keep up with the general increases, wages would decline, if not in absolute terms, then in relation to the South and their role would be similar to that of exchange rates. Lower wage increases would make the North more competitive. Unemployment would go down.

However, we have neither a North-Mark nor a South-Mark in the FRG. Neither do we have regionally different wages rates. The General Application clause in the bargaining agreements of an industry sector is binding from Konstanz to Kiel, and since such traditionally strong sectors as iron and steel as well as coal and shipbuilding are wage leaders, the wage level in the North has remained high. Young industries and new enterprises could not develop.

The profits from capital investments in the North are lower. The value of capital invested in the North that cannot leave declines—just as some of the capital assets in the industrial nations have become obsolete as a result of the oil crisis. On the other hand, for new capital has perfect mobility and it looks for higher yields in the South. This is where the attractive jobs of the future are being created.

If the North offered a more attractive business atmosphere, especially for young entrepreneurs setting up new companies, the exodus of real investment could be slowed down or even reversed. However, if the North developed a rather negative climate, while the South offered attractive incentives—be it only the social affirmation of entrepreneurial tasks—then it would ultimately be the worker in the North who would bear the adjustment burden through higher unemployment.

What the North needs is wage differentiation that has the same effect as a devaluation of the North-Mark. Otherwise, the joblessness in the North will have to be higher,

and capital will continue to go south. Some day, the unemployed in the North will then be forced to follow where the investment capital goes.

07821

Economic Friction With France Foreseen in 1992
36200118 Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 21 May 88 p 12

[Article by Eckhart Kauntz: "Cattenom Electric Power an Export Hit?"]

[Text] Saarbruecken, May—Nowhere in the Federal Republic are the praises of Franco-German cooperation and friendship sung as loudly as in the Saarland. Here events such as "French Weeks," "Perspectives of the French Theater," and "Days of the (French) chanson" follow one after the other; more than 20,000 workers from Lorraine commute here daily, and in hotels here—even on holiday mornings—one gets fresh croissants which, early in the morning, left an oven in the country next door whose business is not hindered over there by a ban on night and Sunday baking.

At this juncture, not long before the completion of the Common Market in 1992, the Saarlanders really ought to have cause for jubilation. With the elimination of the last customs barriers, the inhabitants of the smallest German Federal State in terms of land area will be thrust suddenly into a central position—just a good hour by car farther from Paris than from the congested Rhine-Main region.

Nonetheless, the Saarlanders do not seem to be so pleased with their role as a hinge between France and Germany now that things are getting serious with the Common Market. Most easily solvable in all this appear to be the problems of the 350 Saarland customs workers who, with the planned gradual elimination of customs inspections in 1990 and 1992 in accordance with the Schengen Agreement, will be given new assignments.

In the coalescing of the border regions things will become more difficult for the Saarland in the matter of waste disposal, for example. Saarland Minister for the Environment Leinen (SPD)—in total accord with the position of Federal Minister for the Environment Toepfer (CDU), who, in reference to the originator-principle had condemned the transport of more than 200,000 tons of Saarland household refuse annually to dump sites in Lorraine—is planning a DM200 million waste disposal complex near Velsen. There, employing state-of-the-art technology, recyclable elements will be extracted from the waste which subsequently will be incinerated.

The installation will compete with a French project to be built in Grossblittersdorf on the French bank of the Saar River, which forms the border here. Discussions with the Paris firm and with authorities in Lorraine arouse suspicions that the size of this installation exceeds Lorraine

requirements and that on the other side of the Saar they are counting on German waste. Leinen fears that the French will have to pay lower fees, that they will be able to build at lower cost, and that they will be able, therefore, to accept waste at cheaper rates. The Saarlanders are now faced with the question of how they will be able to utilize their own good and expensive installation after 1992. Even if Saarland municipalities could be committed to the German installation on a compulsory basis (and this would stand up in court), the question remains whether in the future Rhineland-Westphalians and Baden-Wuerttembergers, who already cannot handle their household refuse, would not incinerate their waste in an environmentally damaging manner under the noses of the Saarlanders. Should waste be treated at the border in the future as a product? Should free exchange apply also to waste?

The second complex of questions deals with electric power. Cattenom, the atomic power plant on the Mosel River which will have grown to four reactor blocks by the early 1990's and will then be among the largest power generating complexes on earth, is assuming special importance in the coal-producing Saarland. The two blocks completed, each with an output of 1,300 megawatts, already produce more electric power than can be used in Lorraine. In early May Block II, which had just been connected to the power grid in the autumn of 1987, was shut down on the weekends due to lacking demand. That will still be the case this summer. On 1 October 1987 former French Foreign Trade Minister Michel Noir had said in Frankfurt that the sale of electric power across borders was in accordance with the logic of the Common Market envisioned for 1992. "There are German firms who want to buy French electric power and I do not see why that should not be possible."

Cattenom electric power should become an export hit. That threatens Saarland coal production, two-thirds of which is used for the generation of electric power. To be sure, Saarland Economics Minister Hoffmann had previously calculated that coal-generated electric power from new bituminous-fired power plants was cheaper than electric power from nuclear power plants. His calculation, however, referred to new German atomic power plants which were constructed according to the safety requirements applicable here and not to the mass-produced French reactors, and he drew up this calculation taking into account the coal subsidies according to the 100-year treaty. Hoffmann is aware that the French, because it is heavily subsidized, will offer their electric power more cheaply than the rates at which the cheapest German nuclear-generated power from older installations can be offered. RWE [Rhinish-Westphalian Electricity Works AG] Chief Representative Eitz, in the magazine ENERGIE-IMPULSE, estimated France's export potential for 1990 to be approximately one-half of the nuclear power capacity then existing in the Federal Republic.

A study by the Duesseldorf Cartel Authority reached the conclusion that even at present electric power importation cannot be prevented in those cases where German border municipalities or the local electricity supply concern (EVU) are positively disposed towards the imported power delivery for economic reasons. The situation becomes more complicated when large industrial firms not located on the border make application to the EVU which supplies the regional monopoly for the channeling through of French electric power. In the Saarland all political parties will want to erect a bulwark against electric power from Cattenom. Should industrial enterprises in the Saarland-Lorraine-Luxembourg area entice with investment plans, however, this solidarity will be put to a severe test.

13238/12913

ITALY

Entry Into EC's Financial Unification Plan Approved

35280140a Milan MONDO ECONOMICO in Italian
16 May 88 pp 26-28

[Article by Ferdinando Riccardi]

[Text] It's been decided: Italy will join the European financial unification plan, removing all curbs on exchange and on the free flow of capital, as soon as the plan is approved.

This time, there will not be the delays and hindrances that in 1979 made Italy's entry into the European Monetary System so difficult and uncertain to the very end. This time, in Brussels, the minister of the treasury, Giuliano Amato, and the minister of foreign trade, Renato Ruggiero, have already expressed their support of the plan from the standpoint of policy.

The dates have now been set for the final round of negotiations: On 13, 14 and 15 May, Minister Amato will be in Travemunde, [West Germany] near Luebeck [West Germany] for an intensive 3-day meeting of the EEC finance ministers, in which the economic and financial aspects of the plan will be examined. Then, on 6 June, Amato and Ruggiero will both go to Luxembourg for the formal adoption of the EEC plan that will give birth to the Common Financial Market.

It was not an easy decision for Italy. The difference between measures to ease the curbs on the flow of capital—which had already been passed by the Goria Administration and are to become effective this October—and measures ending all curbs, is a significant one. The latter will entail ending the monopoly exercised by the Exchange Institute as well as any and all exchange-rate restrictions. They will also mean the introduction of total freedom of capital flow, including near- and very-near-term capital; freedom to open checking accounts

abroad; freedom for any citizen to possess foreign currency; and the elimination of any remaining restrictions on the use of personal checks and personal credit cards throughout the Common Market.

A difficult decision, but a necessary one. The fact is that the financial unification plan represents one of the essential aspects of the future integrated European market, which is to become a reality by 1992. The ending of capital controls has been a long-standing goal of all the economic forces, and Germany and the other strong-currency countries are insisting on it.

Its realization has now been achieved in relatively quick time. The problem is not a question of whether or not it will be done, but of whether one will be a part of it or remain on the outside looking in. In this sensitive sphere, even the most ardent advocates of economic integration of the Community and the institutional upholders of European legality have had to resign themselves to a two-speed Europe. Jacques Delors has had to acknowledge that Spain, Ireland, Greece and Portugal do not have strong enough currencies to end all restrictions immediately. The financial unification plan will therefore include, initially at least, only those countries able to participate in it: Germany, Great Britain, the Netherlands, Belgium, Luxembourg, and Denmark, which have already ended all restrictions, and France, which has now decided to do so, and whose ambition is to make Paris one of Europe's big financial centers.

The sole uncertainty was in regard to Italy: Should it join the seven "liberal" countries or remain among the late-comers? The choice has been made. And Minister Ruggiero is pleased that, today, Italy's ability to accept this commitment is no longer in question, either in Italy (thus attesting to the long way it has come since 1979, the year of the uncertainties and polemics surrounding its entry into the EMS, or in Brussels, where everyone acknowledges that Italy is up to the role that will be required of it.

This does not mean that the commitment is devoid of risks. The challenge we are accepting in the name of the Italian economy is a formidable one—Ruggiero has stated—a test of our resolve to reduce our budgetary deficit and to control inflation, as well as a test of our faith, and that of others, in the lira.

The effort will be Italy's and Italy's alone. Of the EEC, it has requested only three things:

—A certain lapse of time between the approval of the plan (by 6 June this year at the latest) and the effective date of its application: Ruggiero has requested a period of 24 months; the ministers of other countries have replied that this is too long. A compromise may be reached at around 15 to 18 months, enabling the financial unification to actually come into being before the end of 1989.

—A specific clause permitting the taking of protective action in the event of speculative short-term capital flows; that is, those involving the exchanging of lire for other currencies on a speculative basis for a very few days, pending a hoped-for devaluation of the lira: Ruggiero considers it indispensable to have in hand a contingency procedure that can be used to prevent these maneuvers, or that, should they, in any case, occur, can be used to defeat the speculators.

—A substantial funding increase in the amount of medium-term credit offered by the EEC for use at any time by each of the countries participating in the unification plan: For all intents and purposes, this stipulation has now been met; since, concurrent with approval of the plan for ending restrictions, funding for the granting of financial credit will be increased to 16 billion ecus, or over 24 thousand billion lire, an impressive sum that will permit meeting the exigencies of any emergency situation. Minister Amato, in agreement with the Bank of Italy, considers this adequate.

In actual fact, the architect himself of the plan to end capital controls—namely, Jacques Delors, the president of the EEC Commission—argued that other concurrent steps would also be necessary to achieve the total elimination of restrictions under favorable conditions. But to his astonishment and ill-concealed disappointment, his concerns were not shared by the others. Delors considers it necessary, first of all, to harmonize certain “precautionary regulations;” that is, regulatory legislation with respect to banks and to the operation of stock exchanges. Actually, he has already proposed a body of such legislation designed to ensure the protection of savers and to prevent the likely distorting effects of competition.

But examination of his plan to this effect has scarcely begun. These are very complex issues and the ministers have decided that, pending their resolution, the national laws of the eight countries qualifying as members of the financial unification plan are already adequate to provide protection to savers and prevent distorting effects.

The second condition interposed by Delors has to do with tax evasion. Some degree of harmonization is indispensable, he argues, to prevent movement of capital, under conditions of full freedom, not in pursuit of economic opportunities but rather for the sole purpose of channeling it into tax havens. Not even on this point did the ministers share his concerns, holding instead that each country can adapt its tax legislation to avoid finding itself at a disadvantage, without the need for tax legislation on a European scale (which many look upon with disfavor). But Delors continues to argue that his view is correct.

The third and last of the conditions advocated by Delors, and sidestepped by the ministers, has to do with strengthening of the EMS: Delors argues that, under the financial unification plan, the currencies of all the participating countries must be governed by the same rules.

It is inconceivable, he says, that the pound sterling be allowed to not respect the exchange rate discipline of the other currencies, that the lira be allowed a greater range of fluctuation than other currencies, and that Belgium be allowed to maintain its dual currency-exchange market.

From the standpoint of principle, no one denies that Delors is right. However, the question is: How does one go about compelling Mrs Thatcher, for example, to bring the pound sterling into the exchange-rate system of the EMS?

Minister Ruggiero argues that waging a fight at this time in this regard is not worthwhile, since in any case, as soon as the financial unification plan becomes a reality, economic logic will compel the strengthening of the EMS and the taking of steps towards a European Central Bank. It is inconceivable, he says, to imagine that total freedom of capital flow (added to the freedom of flow of goods that already exists) can coexist with 12 independent national monetary policies. But the financial unification plan will inevitably spawn the European Central Bank.

At that point, will the lira have to renounce its special 6-percent range of oscillation? Minister Amato declines to wage an ideological battle on this point.

The important thing is to keep the exchange-rate system flexible enough to avoid having to revalue and devalue too frequently. According to a study by the Bank of Italy, it might be preferable to increase slightly the range of fluctuation permitted to the other currencies (which today is 2.25 percent) in order to meet the lira halfway. This aspect is one to be negotiated at an appropriate time. But even in this regard, Italy has no intention of eschewing any European-scale discipline. Its commitment is total.

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De Benedetti Gains Control of Mondadori

35280140b Rome L'UNITA in Italian 11 May 88 p 11

[Article by Dario Venegoni]

[Text] Milan—Mimma and Leonardo Mondadori have been ousted from the board of directors of the Segrate-based publishing house, together with the representatives of Berlusconi, those of the Rocca family, and those of the Morattis. Carlo De Benedetti, by virtue of his alliance with the Formentons, the Pirellis, the Ciancios, and the Venders, has a majority of the new board. The wall has been scaled and the publishing house is now under the control of an industrial-financial group.

That there would be an outright showdown was clear around noon, when Polillo, the presiding officer, informed the Mondadori general assembly that the majority stockholder present at the meeting was De Benedetti's CIR, with over 7 million common shares.

AMEF, the holding company with 50.3 percent of Mondadori's capital shares, was not present, thus leaving the field open to De Benedetti, the Formentons and their allies, the Venders, Pirellis and Cincios.

Lawyer Casella, representing the interests of Leonardo Mondadori and his mother Mimma, took the floor immediately. But—he said—since AMEF has duly lodged its shares in advance of the assembly, and the board of directors of the holding company has moreover voted unanimously to assign the task of representing the company at this meeting to Sergio Polillo, its president, Polillo is here (also in his capacity as president of Mondadori); but the fact is that AMEF is really not present. At this time, the president of AMEF is here to help cover for a coup de main.

Polillo replied: "It's true that the shares were duly lodged. But it is also true that I was given carte blanche with respect to the Assembly. And I decided not to introduce AMEF into this meeting for reasons having to do with relations between me and the board of directors of AMEF. I shall call a meeting of that board by Monday at the latest and explain to it the reasons for my decision. But that is not a problem that concerns this Assembly. AMEF is not present here; however, the Assembly can proceed with entire legitimacy to decide on all items of business before it." This was protested by Casella, who stated that in his view the essential conditions exist for seeking the invalidation of the Assembly.

This squabble sums up the encounter that took place in the assembly hall in the basement of the vast Mondadori headquarters located in Segrate. If Polillo had decided to represent AMEF in the assembly, no decision could have been reached without him, and the responsibility would have devolved upon him for proposing the new board (a difficult decision in the absence of the shareholders themselves of the holding company). "During the night," as he himself put it, Polillo therefore decided not to introduce into the proceedings of the assembly a company inside which there was not a concordance of views. Thus, Corrado Passera, a close colleague of De Benedetti in the CIR was saddled with the task of proposing the list for the new board of directors, which identifies closely with the forces within the publishing house that now comprise the majority, despite a labor union agreement that is still binding on the major shareholders, but which evidently—as Professor Carlo Scognamiglio, an adviser to Leonardo Mondadori, acknowledges—"is now totally useless."

The new board has 13 members, versus 15 on the old board. De Benedetti can count on 7 of the new board's members, which guarantees him full freedom of action. Therefore, even though formally he does not sit on the board of directors, he is nevertheless the absolute new boss of the publishing house. It is the culmination of a climb begun several years ago. It is also the end of an

economic cycle of larger dimension: All of the country's major publishing centers now come under one of the large industrial and financial groups.

Late that evening, Leonardo Mondadori called a press conference to "voice indignation and bitterness over the events of the morning." "The old board," he said, "represented a pluralism of forces that had made the company a big one (to the extent that the group posted a 1987 net profit of 101 billion lire and has, as of the end of March, a financial surplus of 229.31 billion lire). The new board represents only a part of the company. All those who did not support the maneuver have been punished by being thrown out.

"We," he continued, "have been kicked out without prior notice." And indeed this is not a Buitoni or an Olivetti company, in which the old families bore the brunt of mismanagement. That is to say, in all fairness to the family, that the company had been equipped with a very strong "safety vault"—namely, AMEF. "Except that someone on the inside slipped the key to someone on the outside."

What will happen now? Taking for granted the confirming of Emilio Fossati as managing director, the name of Vittorio Ripa di Meana is being mentioned for the role of president, even though it is not certain that his candidacy greatly pleases the Formentons (an alternative, in case of difficulty, has been readied in the person of Bruno Visentini). On the opposing front, the Mondadoris, with the Morattis, the Berlusconi, and the Roccas, have released a statement criticizing Polillo's action; and the start of a long court battle to invalidate the proceedings of the assembly looms as a possibility. The first instalment is certain to surface within a few days during the meeting of the board of directors of AMEF that will precede the general meeting of the company's shareholders scheduled to take place 1 month from now.

As for Leonardo Mondadori, until now the head of the publishing house's book publishing sector, he has announced his resignation from his operating activities: "Anyone receiving a slap in public like the one that has been dealt me today must do something." With 39 percent of AMEF, Leonardo and the others state that they plan to become a "particularly combative and quarrelsome minority." A nasty turn is likely to be followed by many others.

9238

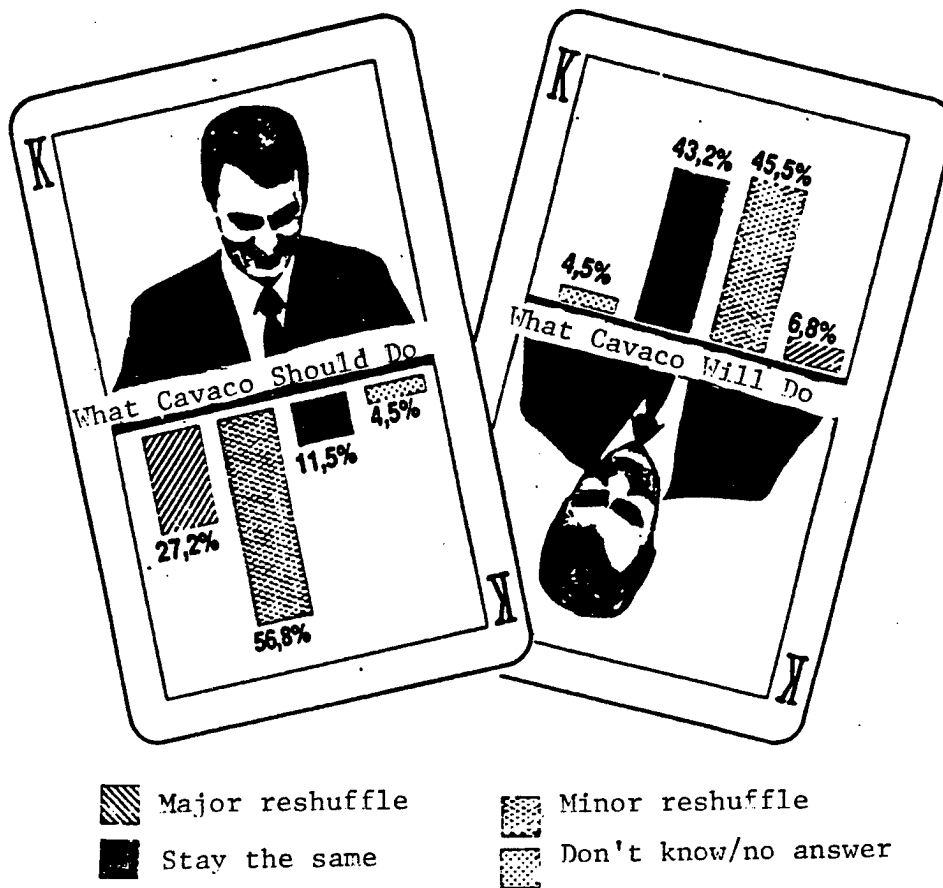
PORTUGAL

Business Reportedly Wants Government Reshuffle
35420081a Lisbon EXPRESSO in Portuguese
30 Apr 88 p 1

[Excerpt] Only one out of every nine businessmen supports the idea that the current makeup of the government should remain unchanged through the end of this

year, but that does not alter the fact that one out of two thinks that Cavaco Silva will refuse to make any cabinet changes in 1988. At the other extreme, about 27 percent of the businessmen suggest that the government should undergo a major reshuffle, but only 6.8 percent believe that the prime minister will take that step.

makeup exactly the same" through the end of the year. At the same time, the respondents were to say which of those three possibilities they considered most likely, "taking into account the prime minister's nature."



The monthly poll of the EXPRESSO/Businessmen Panel was conducted during the first 2 weeks of April, and it made it possible to measure the vast difference between that which businessmen and managers consider the best solution for ensuring good performance by business and the decisions that Cavaco Silva will make with respect to his cast of cabinet members.

Specifically, the panel's members were asked to express their opinion, from the standpoint of "good performance by business", concerning the need for the government to undergo "a major reshuffle," undergo "a minor reshuffle," or "keep its current

Majority Wants Reshuffle

As shown by the bar graphs, which were constructed on the basis of the answers received, the majority of the businessmen and managers who were polled lean toward the need for a "minor reshuffle" (56.8 percent), and nearly half of the total (45.5 percent) feel that that will be Cavaco Silva's choice.

At every level, the majority is in favor of a cabinet reshuffle during 1988: 84 percent of those polled want to see one or more ministers replaced, and 52.3 percent expect it to happen.

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